REPORT OF RCRA COMPLIANCE EVALUATION INSPECTION

At

R3 Energy
1722 210 Road
Cottonwood Falls, Kansas 66845
(620) 366-0964

EPA ID Number: Non-notifier

On

July 23, 2013

By

U.S. ENVIRONMENTAL PROTECTION AGENCY
Region VII
Environmental Services Division

1.0 INTRODUCTION

At the request of the Air and Waste Management Division, I conducted a Resource Conservation and Recovery Act (RCRA) compliance evaluation inspection (CEI) at R3 Energy, located in Cottonwood Falls, KS on 7/23/2013. I conducted the inspection under the authority of RCRA Section 3007(a), as amended. During the inspection, I collected the information and data necessary to determine compliance with the applicable regulatory and statutory requirements. This report and attachments present the results of the inspection. I conducted the inspection as a Level B Multi-media Inspection and the Multi-Media Screening Checklist is included as attachment 1. Based on the information obtained during the course of the inspection, I inspected the facility as a non-generator of known hazardous waste, although some hazardous waste determinations need to be made that may change this RCRA status. This facility has not been previously inspected for hazardous waste compliance.

2.0 PARTICIPANTS

R3 Energy:
Jerry McCalla, Chief Excutive Officer (CEO)/Part-Owner
Eric Shoults, Director/Part-Owner

U.S. Environmental Protection Agency (EPA):
Dedriel Newsome, Environmental Engineer

3.0 INSPECTION PROCEDURE

R3 Energy is not currently operating. Therefore, on 7/22/2013 at about 12:30 P.M., I attempted to phone Mr. McCalla to schedule a CEI. He returned my call at about 1:45 P.M. and we made arrangements to meet at the facility on 7/23/2013 at about 10:00 A.M.

Upon arriving at R3 Energy as arranged, I met Mr. McCalla and Mr. Shoults. I introduced myself and described the purpose of my visit. I explained the purpose and procedures of the inspection and presented them with my EPA credentials. They were made aware of the facility's confidentiality rights. They were provided with U.S. Federal Code 1001 and 1002, concerning false statements and documents to read.

During the inspection, discussions consisted of past and current facility operations, wastes generated and waste management practices. I conducted a visual inspection of the facility and was accompanied by Mr. McCalla and Mr. Shoults. At the time of the inspection, the shipping related documents were located at Mr. Shoults' home and R3 Energy did not have a working copier on-site. Therefore, after the inspection, Mr. Shoults emailed me the latest glycerin invoices and a copy of the Notice of Violation Attachment #1 that I prepared and left with him (see attachments 2A and 2B).

Information collected during the inspection is documented in this report. An inspection entry/exit briefing checklist was completed (see attachment 3). I completed documents (inspection forms and checklists) and received photocopies that are included as attachments 1 through 7. I collected photographs with a digital camera that are included as photos 1 through 34, and are listed in the attached photo log.

At the conclusion of the inspection, I summarized the findings and recommendations with Mr. McCalla and Mr. Shoults. I provided Mr. Shoults with a Confidentiality Notice which he signed as acknowledgment of receipt (see attachment 4). No confidential business information was claimed. I provided Mr. McCalla with a Notice of Violation (NOV), which he signed as acknowledgment of receipt (see attachment 5). The compliance assistance documents provided during the exit conference are listed on attachment 3, page 2.

The inspection procedures followed were in general as discussed in the RCRA CEI Standard Operating Procedures (SOP) unless noted differently. Also, any authorized federal regulatory citations noted in this report are as adopted by reference in the authorized state's regulations.

4.0 FINDINGS AND OBSERVATIONS

4.1 General Facility Information

R3 Energy is a biodiesel fuel manufacturer. They are legally owned by nine separate entities. Mr. McCalla is the CEO and Mr. Shoults is the Director who is also the Regulatory Affairs contact.

R3 Energy was constructed around 2008/2009 on the northeast side of town near a school, a park and the city's Publically Owned Treatment Works (POTW) lagoon (see attachment 6A for aerial photo). They started operating in September 2009 and ceased operating in December 2011 according to Mr. McCalla and Mr. Shoults. Currently, R3 Energy has no employees. However, at one time they had a maximum of five employees, not including the owners. Mr. Shoults stated that they operated mainly two shifts, Monday through Friday.

The biodiesel fuel was manufactured using a transesterification process (conversion of oils into long-chain mono alkyl esters) as discussed below in Section 4.3. While operating, R3 Energy made an agreement with EcoloCap Solutions, Inc. (EcoloCap) located in Chicago, IL. The agreement included EcoloCap installing on-site a new experimental type transesterification system that used waste vegetable

oil from fast food type restaurants such as McDonalds. During September 2011, EcoloCap delivered and installed this new system. Mr. Shoults stated that EcoloCap had mostly completed the installation, however, they have not explained to R3 Energy how to operate it. According to Mr. McCalla, EcoloCap ran into financial difficulty and was never able to fully complete the agreement/project. Currently, Mr. Shoults stated that EcoloCap is in the process of being bought out (i.e., 75 percent of the company is being purchased by an investment group), although the EcoloCap company name is to remain the same. Mr. McCalla and Mr. Shoults stated that they are in the process of discussing with EcoloCap the signing of a long-term lease with R3 Energy to operate the facility. Mr. Shoults stated that this lease was initially discussed about four months ago and Mr. McCalla stated that it was last discussed on Tuesday, 7/16/2013. However, Mr. McCalla and Mr. Shoults stated that nothing is final and this is only their "speculation" at this time. Nevertheless, Mr. McCalla and Mr. Shoults stated that biodiesel manufacturing will be restarted on-site even if the EcoloCap lease is not successful. If the lease is not successful, R3 Energy plans to look at other options or operate the facility themselves.

4.2 RCRA Status

According to the EPA RCRAInfo database, R3 Energy is a non-notifier of hazardous waste. I asked Mr. Shoults to complete the EPA RCRA Handler Information Report that I provided to him during the inspection, which he did (see attachment 7).

At the time of the inspection, I determined R3 Energy to be a non-generator of known hazardous waste. However, some hazardous waste determinations need to be made as discussed below that may change this RCRA status. Mr. McCalla and Mr. Shoults stated that they have not shipped any process materials/wastes off-site, other than the biodiesel fuel itself and glycerin. However, as noted below, I also observed some spent filter socks in the general trash.

4.3 Past Facility Operations and Waste Streams/Management

While operating, R3 Energy manufactured about 25,000 gallons of biodiesel fuel per month according to Mr. Shoults. The fuel was produced using a transesterification process. Mr. Shoults stated that they did not have a Material Safety Data Sheet (MSDS) for the biodiesel fuel produced. He stated that their fuel met the American Society for Testing and Materials (ASTM) standards. The primary feed stock was soybean oil received from Bunge, Emporia, KS. During the inspection, Mr. Shoults explained the process flow to me, which I drew and had him review for accuracy (see Figure 1 and photos 1, 16 through 19, 21 and 22).

4.3.1 Past Waste Streams/Management

I discussed with Mr. McCalla and Mr. Shoults the following past waste streams and their management. Also, in general I asked them if any hazardous waste determinations had been made on the wastes and Mr. McCalla stated no. I asked Mr. McCalla and Mr. Shoults if they were familiar with the RCRA hazardous waste regulations or how to make hazardous waste determinations and they stated no. **Therefore, for the wastes noted below, a hazardous waste determination had not been made as required by 40 CFR 262.11.** Prior to this RCRA inspection, Janice Kroone, EPA Superfund Division (SUPR), had informed me that she provided R3 Energy with the *Environmental Laws Applicable to Construction and Operation of Biodiesel Production Facilities,* November 2008, EPA-907-B-08-001 document. To assist Mr. McCalla and Mr. Shoults with making the hazardous waste determinations noted below, I referred them to the sections in the document related to the RCRA hazardous waste

regulations and waste streams typically generated by biodiesel facilities. Also, I referred them to the Kansas Department of Health and Environment (KDHE) website that contained a hazardous waste generator handbook. It should be noted that I informed Mr. McCalla and Mr. Shoults that if any of the materials listed on the NOV are determined not to be a solid waste (e.g., it is still usable), they may respond accordingly and did not have to dispose of it or conduct a hazardous waste determination.

- Wastewater – The wastewater was generated from the polishing unit as shown in Figure 1 and when the floors were washed daily with hot water and detergent (Dawn). It was managed as shown in Figure 2 along with any material spilled/leaked into the floor drains. The wastewater was initially discharged to the POTW, a lagoon located on the north side of R3 Energy (see attachment 6A for aerial photo). However, Mr. Shoults stated that they were told by a city operator to cease discharging into the POTW. Mr. Shoults stated that he did not know exactly why they were told this by the city as there were no wastewater analyses, other than just the city's knowledge that R3 Energy handled oils. Mr. McCalla mentioned that the reason had to do with R3 Energy's wastewater having a high biological oxygen demand (BOD). Therefore, R3 Energy started discharging their wastewater into an on-site retention pond (see attachment 6B for layout). Mr. Shoults stated that they decanted the gravity separated oils from the pond back into the process, i.e., the feed stock tank. He stated that the remaining water in the pond was spread on-site in the fields. **It appears that a hazardous waste determination should have been made on the wastewater disposed on the land, however no determinations had been made as explained above.** Mr. Shoults stated that KDHE was aware of R3 Energy conducting this wastewater and land application practice. Also, there was an oil release from this pond that was remediated by EPA SUPR and KDHE as discussed below in Section 4.4.

- Glycerin – The byproduct glycerin was generated in the process as shown in Figure 1. Except for the last shipment, all glycerin was shipped to Missouri Better Bean (MBB), Bunceton, MO, for refining (see attachment 2B for the last five shipping documents). The last shipment was on 10/18/2011, consisted of 4500 gallons and was shipped to Farmway COOP, Beloit, KS (see attachment 2B, page 2). The COOP applied the glycerin on the roads for dust control according to Mr. McCalla and Mr. Shoults. A **hazardous waste determination should have been made on the glycerin that was used for dust control, i.e. use constituting disposal, however, no determinations had been made as explained above. (NOV #1.9)** At the time of the inspection, I did not observe any glycerin accumulated on-site. Therefore, I asked Mr. Shoults about the glycerin that was generated after the last 10/18/2011 shipment and before December 2011 when they shut down. Mr. Shoults stated that any remaining glycerin would have been placed in Tank #7 with the EPA remedial waste. The remedial waste was shipped to a biodiesel manufacturer as feed stock as discussed below in Section 4.4. It appears that glycerin that is reclaimed and not speculatively accumulated is not a solid waste, and therefore could not be a hazardous waste. However, it appears that remixing the glycerin with a biodiesel feed stock would not be legitimate recycling/reclaiming of the glycerin, as part of the biodiesel manufacturing process is to remove the glycerin. **Therefore, after further review, it appears that a hazardous waste determination should have also been made on the glycerin prior to remixing it with a biodiesel feed stock, however, no determinations had been made as explained above.**

- Used Filter Resin – Prior to January 2011, the biodiesel fuel was filtered in a column of filter resin beads. The column of resin was replaced with the filter socks discussed in the waste stream below. At the time of the inspection, I observed remaining on-site about 38 containers of the

used filter resin as stated below in Section 4.5.1, Inventory Item #7. Mr. McCalla stated that the remaining used resin had not been used a lot and was still usable. He stated that they have not disposed or shipped any resin off-site, and therefore it all remained on-site. Mr. McCalla stated that another company has inquired about taking the old filter column and used resin for use. **Since the used resin had been replaced by the filter socks and it was unknown exactly how it will be handled, I listed the used resin on the NOV for a hazardous waste determination to be made. (NOV #1.7)**

- Spent Filter Socks – Starting January 2011, the above filter resin column was discontinued and biodiesel fuel was filtered using four filter socks in series as shown in Figure 1. When the filter socks became clogged, they were removed and the residue squeezed out. The filter residue was added back into the process and the filter socks were reused. Also, some filter socks may be disposed with the general trash as were the approximately eight filters shown in photo 23. At the time of the inspection, I observed remaining on-site about six used filter socks in the Process Area and eight spent filter socks in the general trash as stated below in Section 4.5.1, Inventory Item #5 and Section 4.5.2, Inventory Item #4. **A hazardous waste determination had not been made on the spent filter socks as explained above. (NOV #1.5)**

- Lab Waste – All lab wastes (samples and analytical wastes) were returned to the manufacturing process in the feed stock tank according to Mr. McCalla. At the time of the inspection, I observed remaining on-site various lab samples and chemicals as stated below in Section 4.5.1, Inventory Item #3. Mr. McCalla and Mr. Shoults were not sure how the chemicals were exactly used in the lab.

- Retain Samples – Some biodiesel fuel product samples were retained at the customer's request. They were returned to the process after the requested retention time. At the time of the inspection, I observed remaining on-site in the lab and on the partial second floor about 20 to 30 total retain samples as stated below in Section 4.5.1, Inventory Item #1.

- General Trash - General trash included general refuse such as office paper wastes. It was collected once a week by the City of Cottonwood Falls, KS.

Mr. McCalla and Mr. Shoults stated that the following wastes have not been generated to date: used methanol (it was used up in the last process run); used catalyst; spent lamps; and used oil from equipment maintenance. They also stated that R3 Energy did not have a parts washer.

4.4 Oil Release from Retention Pond and Remediation

As stated above in Section 4.3, at the time of shut down in December 2011, R3 Energy was discharging their wastewater into the on-site retention pond, decanting the separated oils back into the process and spreading the remaining pond water on-site (see attachment 6B for layout). Mr. McCalla and Mr. Shoults stated that when the facility shut down, it was shut down in such a way that someone could pick up right where they stopped. This included leaving samples on the lab bench (see photos 29 through 32), biodiesel chemicals on-site and wastewater in the retention pond. However, Mr. Shoults stated that the tanks did not contain any methanol as it was all consumed in the process.

After a heavy rain event, there was an oil release from the retention pond that contaminated the on-site soil, fire pond, and the neighbor's property. On 5/18/2013, EPA SUPR (Janice Kroone EPA contact)

and KDHE started a remedial action to remove the oil from the retention pond, fire pond and soil. EPA removed the oil contaminated liquids from both ponds and pumped the liquids into R3 Energy's process tanks (tanks shown on attachment 6B and photos 5, 6 and 10). KDHE handled the oil contaminated soils which were land farmed on-site. See the EPA SUPR and KDHE remedial reports for more detailed discussions.

Working with EPA SUPR, R3 Energy had the oil contaminated liquids generated during remediation and the leftover biodiesel chemicals in the process tanks shipped off-site. Mr. Shoults stated that this material was sold to Healey Biodiesel (Healey) located in Sedgwick, KS as "feed stock" (exactly how or where in Haeley's process it was added was unknown). He stated that these shipping invoices were already sent to Ms. Kroone, therefore, I did not ask for them again.

Currently, Mr. McCalla and Mr. Shoults stated that all the tanks on-site were empty, except the heel (about 300 to 500 gallons) remaining in the 10,500-gallon Tank #7. They stated that this heel consisted of the leftover remedial waste that EPA SUPR stored in the tank (see photos 5 and 6). They stated that the heel will be processed on-site when they start operating and additional biodiesel chemicals are added into the tank for processing.

After the above initial EPA oil removal from the retention pond, more oil was observed in the pond and was removed by R3 Energy (see EPA SUPR reports for more discussion). Mr. Shoults stated that since Ms. Kroone's remedial activity, they have removed additional oil from the retention pond three times, and it was also sent to Healey as feed stock. At the time of the inspection, I observed some oil on the west end of the pond (see photos 2 through 4). Mr. McCalla and Mr. Shoults stated that the oil is coming from the pond's liner when it rains. They stated that nothing is being added into the pond other than storm water. I observed the gate valve that Mr. Shoults identified to control flow from the facility's floor drains into the pond and it appeared closed as it was in the down position. I also observed several apparent aluminum beer cans in the pond. Mr. McCalla and Mr. Shoults did not know exactly how they got into the pond. Mr. Shoults stated that as of Sunday (7/21/2013), they started discharging 1000 gallons of wastewater per day (from 5:00 P.M. to 9:00 P.M.) from the retention pond to the POTW. Therefore, they have discharged 1000 gallons only twice, on 7/21/13 and 7/22/2013. Mr. McCalla and Mr. Shoults stated that once the water level in the pond is low enough, they will power wash the liner and hope this will eliminate any more oil from being accumulated in the retention pond.

4.5 Chemicals Remaining On-site

4.5.1 Inventory Items Listed on the NOV (NOV #1.1 through 1.8)

As discussed above in Section 4.1, R3 Energy has not operated since December 2011 and there are plans to try to get the facility operating again. However, currently there is nothing definite. **At the time of the inspection, I observed the following chemicals remaining on-site that needed to have a hazardous waste determination made as required by 40 CFR 262.11 because of the following reasons:** (1) the containers were unlabeled or in containers with the original product labels that were now believed inaccurate (e.g., soap with sodium methylate product label); (2) I asked Mr. McCalla and Mr. Shoults how they were making the chemical determinations on the unlabeled/mislabeled chemicals and they stated on visual observations (e.g., if a tote had one phase then it was stated to be vegetable oil to be processed, if it had more than one phase then it was stated to be a mixture of oil, glycerin and/or soap), although other employees also operated the facility; (3) the facility has not been operated since December 2011 and a new experimental manufacturing process will be operated that Mr. McCalla and Mr. Shoults were not

exactly familiar with; and/or (4) the chemicals exact intended uses were unknown. It should be noted as stated in Section 4.3 above, that I informed Mr. McCalla and Mr. Shoults that if any of the materials listed on the NOV are determined not to be a solid waste (e.g., it is still usable), they may respond accordingly and did not have to dispose of it or conduct a hazardous waste determination.

1. 20 to 30 approximately full 1-quart cans of biodiesel fuel retain samples (see photo 31).
2. Approximately 1/3rd full unlabeled 55-gallon drum that Mr. McCalla and Mr. Shoults stated was a drying agent (name unknown at the time) that was used in the manufacturing process.
3. Lab chemicals and samples discussed above in Section 4.3.1 as follows:
    a. Approximately ½ full 1-gallon jug of acetone (see photo 29).
    b. Approximately ½ full 1-gallon jug of 50:50 isopropyl alcohol and toluene (see photo 29).
    c. Unlabeled process samples as follows according to Mr. McCalla and Mr. Shoults:
        i. One approximately 1/4th full open unlabeled 500-mL beaker (see photo 30).
        ii. Two open unlabeled 250-mL beakers about 1/3rd and 1/4th full (see photo 30).
        iii. One approximately 1/4th full unlabeled 2000-mL beaker (see photo 31).
        iv. One approximately 1/4th full unlabeled 1-quart bottle (see photo 29).
        v. About 14 half to almost full unlabeled test tubes (see photo 31).
    d. Approximately full 1-gallon jug of muriatic acid that Mr. McCalla believed was used to clean the concrete, but was not exactly sure (see photo 32).
    e. Other chemicals including the three labeled bottles (phenolphthalein/isopropyl alcohol(IPA)/ DEPC-Treated water solution, bromophenol blue solution, and potassium hydroxide in ethanol) shown in photo 30 that Mr. McCalla and Mr. Shoults were not sure how they were used other than in the lab.
4. The three approximately 230-gallon polishing totes shown in Figure 1 that were about 3/4th, ½ and 2/3rd full.
5. Approximately 8 spent filter socks in the general trash (photo 23).
6. Oils and oil mixtures of process chemicals as follows according to Mr. McCalla and Mr. Shoults:
    a. Three unlabeled totes about ½, 2/3rd, and 3/4th full of soy oil/soap. Mr. McCalla stated that "soap" is overcooked biodiesel fuel, glycerin and water that can be reworked by adding more soy oil (see photos 7, 8, 10 through 12, 14 and 15).
    b. One approximately half full tote of 100 percent soap labeled as "Waste" during the EPA SUPR remediation project (see photos 12, 14 and 24 through 26). However, at the time of the inspection, the waste label was lying face down on top of the tote. Mr. McCalla stated that the waste label was placed on the tote by an employee that believed it was a waste. However, it was not a waste to the owners as they believe it can be reused. He stated that they will be "percentaging" it back into the process when they start operating again.
7. Used Filter Resin as discussed above in Section 4.3.1 and follows (see photos 9, 10, 12 and 14):
    a. 31 approximately full unlabeled and some open drums that were 90 to 100 pounds in size.
    b. 7 approximately full unlabeled and unsealed 250-pound fiber drums.
8. Paint Related Materials that were used to coat the floor, but did not work as discussed below (see photos 27 and 28). Mr. McCalla stated that they may try to find someone to take them for use, use them on the facility walls or Mr. McCalla will take them home for use.
    a. Approximately 9 full 1-gallon square cans.
    b. Approximately 11 full 5-gallon pails.
    c. Approximately 5 full 1-gallon round cans.

It should also be noted that inside the facility throughout the area near the process tanks, I observed the floor's protective coating peeling off and oily liquid/gel like puddles on the floor and in the floor seams

(see photos 5, 6, 12 through 22 and 26). I asked Mr. McCalla and Mr. Shoults what happened to the floor and they stated that EPA had caused the spills on the floor when EPA was using their process tanks. Mr. Shoults stated that the coating applied to the floor was peeling off since it did not work for long-term contact with biodiesel chemicals. Mr. McCalla stated that the floor seams consisted of shallow cuts that did not go all the way through the floor slab. He stated that the seams were only about one to two inches deep. Mr. McCalla stated that when R3 Energy cleans the floors, the liquid between the seams will be removed. **A hazardous waste determination had not been made on the puddles accumulated on the floor. This was discussed, but inadvertently left off the NOV for a hazardous waste determination to be made on the puddles/spills.**

4.5.2 Other Inventory Items On-site

In addition, I observed the following chemicals remaining on-site that were not listed on the NOV:

1. 16 full 55-gallon drums of unused sulfuric acid (see photo 7)
2. Three totes of unused sodium methylate catalyst (photos 10 through 15)
3. About 13 totes and two 55-gallon drums of vegetable oil to be processed (photos 10 through 15)
4. Approximately 6 filters in the Process Area that Mr. McCalla stated will be reused (see photos 16 and 17)
5. Four 50-pound bags of unused clay to be used in the new experimental process.
6. Heel (300 to 500 gallons) remaining in Tank #7 discussed above in Section 4.4.

5.0 SUMMARY

Other than the items noted above, no other apparent violations were observed. However, EPA may be reviewing my findings further after the inspection that may change or add to my findings.

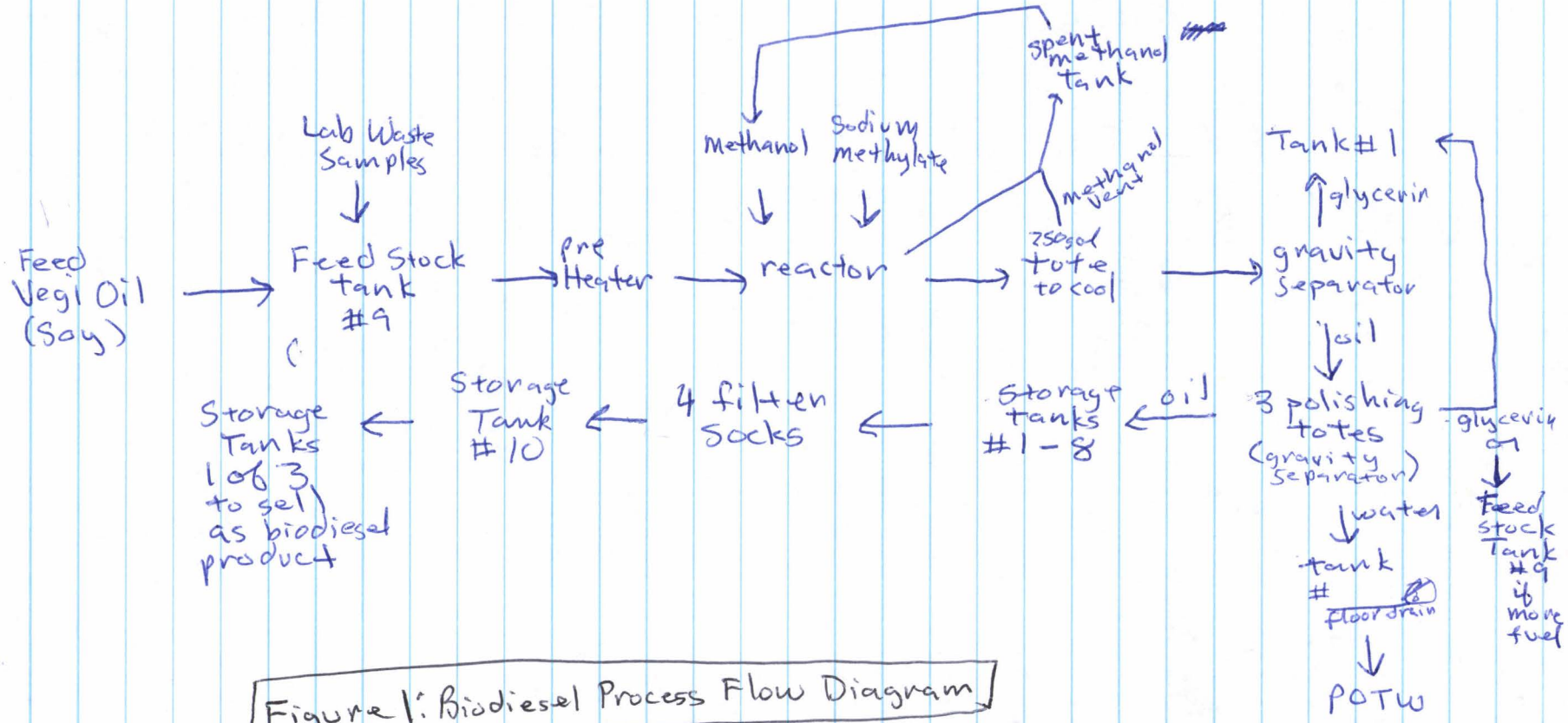


Figure 1: Biodiesel Process Flow Diagram

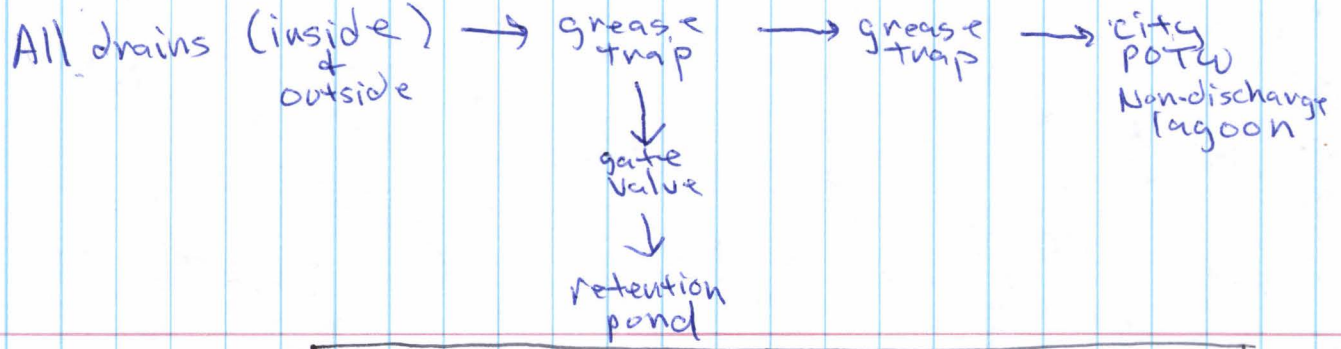


Figure 2: Wastewater Process Flow Diagram

D. Newsome
7/23/13 RCRA Inspection

Dedriel Newsome

Dedriel Newsome
Environmental Engineer
Date: 8/12/13

Figures

1. Biodiesel Process Flow Diagram (1 page that also includes Figure 2)
2. Wastewater Flow Diagram (1 page that also includes Figure 1)

Attachments

1. Multi-media Screening Checklist (2 pages)
2. 7/24/2013 Emails From Mr. Shoults
   A. Cover Email and NOV Attachment #1 (2 pages)
   B. Cover Email and Glycerin Invoices (7 pages)
3. Entry/Exit Checklist and List of Compliance Assistance Documents Provided (2 pages)
4. Confidentiality Notice (1 page)
5. NOV and NOV Attachment #1 (2 pages)
6. Facility Aerial Photos (2 pages)
   A. Overall Aerial Photo (1 page)
   B. Close-up Aerial Photo with Process Areas Noted (1 page)
   C. Facility Layout with Photo Locations (1 page)
7. EPA RCRA Handler Info Sheet (1 page)

Photo Log (2 pages)
Photographs (18 pages/34 photos)

Forward To: EJ ☐ EPCRA / RMP / TSCA ☑ CWA ☐ Wetlands ☐ UIC ☐ PWS ☐ CAA / CFC ☐ RCRA ☐ UST ☐ SPCC ☐

REGION VII MULTIMEDIA SCREENING CHECKLIST

Facility Name: R3 Energy
Facility Ownership: same
Street: 1722 210 Road
City: Cottonwood Falls, KS State: KS Zip: 66845
Phone: 620 279 4475 Facility Contact: Jerry McCalla or Eric Schoultz
Number of Employees: 2 owners Work Hours/Shifts Not operator produced

Inspector Dedriel Newsome
Primary Media: RCRA
Inspector Phone Ext.: x7049
Date: 7/23/13
SIC/NAICS Code 325199
Facility Subject to OSHA regulations Yes ☐ No ☐ Not operating

Main facility activity, major process chemical(s) & description: biodiesel manufacture in past until ≈ Dec 2011. currently closed, but plan to reopen in future (currently no definite restarting date).

(**Check all that apply**): painting/coating (water-based ☐, solvent-based ☐), printing ☐, reacting ☐, formulating ☐, distilling ☐, water treatment ☐, refrigeration ☐, manufacturing ☐, parts washers/degreasing (water-based ☐, halogenated-based ☐, non-halogenated-based ☐), combustion (boiler, furnaces, oxidizers) ☐ plating (chrome ☐, other_____).

ENVIRONMENTAL JUSTICE (Note: Forward to EJ if a concern is identified during your inspection)

1. Is the facility located in an apparent low income area (e.g., with many abandoned and dilapidated properties)? No ☑ (stop) Yes ☐
   If yes, is facility less then 1000 feet from nearest routinely occupied property (house, school, etc.)? No ☐ (stop) Yes ☐ ***Forward to EJ***

EMERGENCY PLANNING & COMMUNITY RIGHT TO KNOW ACT (EPCRA) & TOXIC SUBSTANCE CONTROL ACT (TSCA)

1. Did facility file a Tier II report with fire department, Local & State Emergency Planning Committee? Yes ☑ No ☐ ***Forward to EPCRA***
2. Did facility manufacture, import, or process (formulate, blend, package) >25,000 lbs of a chemical (biodiesel) or >100 lbs of a Persistent Bioaccumulative Toxin (lead, mercury, or polycyclic aromatic compounds) at any time over the last 5 years? No ☐ (stop) Yes ☑ ***Forward to EPCRA*** but currently not producing
3. Has the facility: ***If any box in question 3 is marked - Forward to EPCRA***
   a. Stored ≥500 lbs of ammonia ☐, ≥100 lbs of chlorine ☐, or ≥10,000 lbs of an industrial chemical (biodiesel) ☑, at any time over the last 2 years? ☐
   b. Stored ≥10,000 lbs of pressurized flammable material (propane, methane, butane, pentane, etc.) at any time over the last 2 years? ☐
   c. Used ≥10,000 lbs of ammonia ☐, chlorine ☐, halogenated solvents ☐, solvent-based paints ☐, or solvents ☐, or nitrated compound, over the last calendar year? ☐
   d. Generated ≥ one half pound of metal dusts, fumes, or metal turnings, over the last calendar year? ☐
4. Does the facility have any oil filled electrical equipment No ☑ (stop) Yes ☐ ***Forward to TSCA and ask*** Has facility tested oil filled equipment to determine PCB content; No ☐ Yes ☐ number containing PCBs greater than 50 ppm _____ and percent of all equipment tested _____. Is equipment leaking (including wet or weeping equipment)? No ☐ Yes ☐ – ***Get Photo***

CLEAN WATER ACT (CWA) - National Pollution Discharge Elimination System (NPDES), Industrial Pretreatment, Storm Water, & Wetlands

1. Does the facility discharge any wastewater to storm sewers, surface water, or the land? No ☐ (stop) Yes ☐
   If yes, are all wastewater discharges permitted? Yes ☐ No ☐ ***Forward to CWA*** Not currently
2. Does the facility have process wastewaters that are discharged to a city POTW (Publicly Owned Treatment Works)? No ☐ (stop) Yes ☑
   If yes, are the discharges permitted by: State? ☐, City? ☑ – If yes, Stop here. No ☐ ***Forward to CWA***
   If yes, does the city have a state or EPA approved pretreatment program? Yes ☑ No or Don't Know ☐ ***Forward to CWA***
3. During rainfall events, can storm water carry pollutants from manufacturing, processing, storage, disposal, shipping and receiving areas, or from construction sites >1 acre, to storm sewers or surface water? No ☑ (stop) Yes ☐ see files for past issues.
   If yes, does the facility have an NPDES permit for these storm water discharges? Yes ☐ No ☐ ***Forward to CWA***
4. Did you see any wastewater discharges not identified by the facility? No ☑ (stop) Yes ☐ - Identify location, time, appearance of discharge: _____ (***Get Photo***) ***Forward to CWA***
5. Does the facility have any wetland areas (e.g. streams, ponds, or temporarily wet areas)? No ☑ (stop) Yes ☐ have retention ponds
   If yes, have any wetland areas been dredged, filled, channelized, dammed, or had gravel removed from them within the last 5 years? No ☑ (stop) Yes ☐ - Identify location and timeframe_____ (***Get Photo***) ***FWD to Wetlands***

SAFE DRINKING WATER ACT (SDWA) - Underground Injection Control (UIC) & Public Water System (PWS)

1. Does facility discharge any liquids to the subsurface (septic systems, disposal wells, cesspools, etc.)? No ☑ (stop) Yes ☐ ***Forward to UIC***
   If yes, do these liquid wastes consist of sanitary wastewater only? Yes ☐ No ☐
2. Does facility provide drinking water to 25 people or more from its own source (private well, pond, etc)? No ☑ (stop) Yes ☐ ***Forward to PWS***
   If yes, does the facility test or monitor its drinking water in order to comply with state regulations? Yes ☐ No ☐

CLEAN AIR ACT (CAA) and CFCs

1. Do you see any dense, non-steam, smoke or dust emissions leaving the facility property? No ☑ Yes ☐ ***Forward to CAA***
   Source_____ *(Get Photo)*
2. Does the facility have any new air pollution emitting equipment that was constructed or installed in the past 5 years? No ☑ (stop) Yes ☑
   If yes, is equipment permitted? Yes ☑ No ☐ ***Forward to CAA*** *Describe:* Installed in 3 9/2009 a ~~new~~ biodiesel process unit, and has not operated yet
3. Does the facility have any cooling units that contain >50 lbs of refrigerant? No ☑ (stop) Yes ☐ ***Forward to CFC***
   If yes, are these units: Self-serviced? ☐ Contract Serviced? ☐ - Service Company:_____
4. Does the facility have a refrigeration process that contains more than 10,000 lbs of ammonia ? No ☑ (stop) Yes ☐ ***Forward to EPCRA/RMP***
5. Does the facility service motor vehicle air conditioning systems? No ☑ (stop) Yes ☐ ***Forward to CFC***

RESOURCE CONSERVATION AND RECOVERY ACT (RCRA) and UNDERGROUND STORAGE TANKS (UST)

1. Does the facility generate more than 30-gallons (220 lbs./100kg) of hazardous waste per month or at any one time? No ☐ (stop) Yes ☐ (known HW)
   If yes, does facility have an EPA Hazardous Waste Identification Number? Yes ☐ (stop) No ☐ ***Forward to RCRA***
2. Is hazardous waste treated ☐ , stored >90-days ☐, burned ☐ , land filled ☐ , put in surface impoundments ☐ or waste piles ☐ ? (No known HW)
   No ☐ (stop) Yes ☐ If yes, is the facility permitted for above described activity? Yes ☐ No ☐ ***Forward to RCRA***
3. Did you see or does the facility have any large quantities of materials **that the facility claims to be non-hazardous waste material** (>10 drums, roll-offs, waste piles, etc. – exclude clean office trash, cardboard, & packaging type wastes)? No ☐ (stop) Yes ☑

Material Claimed To Be Non-Hazardous	How does the facility know these wastes are non-hazardous?
see report	Testing, industry or manuf. info.., MSDS, etc. ☐ ; None available ☐ ***Forward to RCRA***
	Testing, industry or manuf. info.., MSDS, etc. ☐ ; None available ☐ ***Forward to RCRA***
	Testing, industry or manuf. info.., MSDS, etc. ☐ ; None available ☐ ***Forward to RCRA***
	Testing, industry or manuf. info.., MSDS, etc. ☐ ; None available ☐ ***Forward to RCRA***
	Testing, industry or manuf. info.., MSDS, etc. ☐ ; None available ☐ ***Forward to RCRA***

4. Did you see any leaking hazardous waste containers, drums, or tanks? No ☑ Yes ☐ ***Forward to RCRA***
   Describe:_____ *(Get Photo)*
5. Did you see any signs of spills or releases (e.g., dead or stressed vegetation, stains, discoloration)? No ☐ Yes ☐ ***Forward to RCRA***
   Describe: see report *(Get Photo)*
6. Did you see any chemical or waste handling practices that concern you (access to children/public)? No ☐ Yes ☐ ***Forward to RCRA & EPCRA*** Describe: see report *(Get Photo)*
7. Does the facility have any past or present underground petroleum product or hazardous material tanks? No ☑ Yes ☐ ***Forward to UST***
8. Does the facility have any underground fuel tanks for emergency generators? No ☑ Yes ☐ ***Forward to UST***

SPILL PREVENTION CONTROL AND COUNTERMEASURE PLAN (SPCC)

1. Does the facility have any aboveground oil tanks (petroleum, synthetic, animal, fish, vegetable), with an aggregate volume >1,320 gallons?
   No ☐ (stop) Yes ☑ - Does the facility have a certified SPCC Plan? Yes ☑ No ☐ ***Forward to SPCC***
   If yes, are there secondary containment systems for the tanks? Yes ☑ No ☐ ***Forward to SPCC***
   If yes, are any tanks leaking where oil could reach waters of the State or U.S.? No ☑ Yes ☐ *(Get Photo)* ***Forward to SPCC***

ENVIRONMENTAL MANAGEMENT SYSTEMS (EMS)

1. Does your facility have an EMS? No ☑ Yes ☐
2. Is the facility's EMS ISO 14001 certified? No ☑ Yes ☐

**** PLEASE TAKE PHOTOS TO DOCUMENT POTENTIAL PROBLEMS***

Version 08.23.05a GRAY SHADED AREAS INDICATE ITEMS **YOU** NEED TO **LOOK** FOR DURING VISUAL INSPECTION

Newsome, Dedriel

From: Eric Shoults [ericshoults@fairpoint.net]
Sent: Tuesday, July 23, 2013 4:59 PM
To: Newsome, Dedriel
Cc: Jerry McCalla; Eric Shoults
Subject: Fw: Attachment #1
Attachments: IMG.pdf

Dedriel:

Attached is the Attachment #1 from meeting today.

Eric

ATTACHMENT 2A Page 1 of 2

R3 Energy
NOV Attachment #1

7/23/13
RCRA Inspection

1. 20 to 30 ≈full 1-gt cans of biodiesel retain samples

2 ≈1/3 full 55-gal drum of drying agent (provide name also ②___)

3. Lab Chemicals
   - ⓐ 1gal jug acetone
   - ⓑ 1gal jug 50:50 IPA/~~methanol~~ toluene
   - ⓒ beakers of process samples
   - ⓓ Muriatic Acid
   - ⓔ others in lab

4. 3 polishing 330-gal totes (≈3/4, 1/2 & 2/3 full)

5. ≈8 used filter socks in Process Area and filter socks in general trash

6. Oil/Mixes of Process Chemicals
   - 3 totes soy/soap (1/2, 2/3, 3/4)
   - 1 tote soap labeled waste

7 Used Resin
   - 31 - 90 to 100 lb drums
   - 7 - 250 lb fiber drums

8 Paint Related Material on Second Floor
   - 9 - 1-gal square cans
   - 11 - 5-gal pails
   - 5 - 1gal round cans

9. Glycerin shipped for dust control

Additional Info - shipping documents for Glycerin (last 4 min)

Newsome, Dedriel

From: Eric Shoults [ericshoults@fairpoint.net]
Sent: Tuesday, July 23, 2013 5:02 PM
To: Newsome, Dedriel
Cc: Jerry McCalla; Eric Shoults
Subject: Fw: R-3 ENERGY, LLC 2011 glycerin Product Transfer Documents
Attachments: IMG_0001.pdf; IMG_0002.pdf; IMG_0003.pdf; IMG_0004.pdf; IMG_0005.pdf; IMG_0006.pdf

Dedriel:

Attached are the product transfer documents for the sell of glycerin. Thanks for your help.

Eric

ATTACHMENT 28 Page 1 of 7

R-3 ENERGY LLC

R-3 Energy LLC
1722 210 Road
Cottonwood Falls, KS 66845
phone: 620.273.1107
fax: 620.273.1109

Product Transfer Document - RIN Transfer Document

Sale Date-	10/18/2011	Transaction ID: R3-Farmway Coop	Load Date	10/18/2011

Origin	Destination	
R-3 ENERGY, LLC	sold to	FARMWAY COOP
1722 210 ROAD	address	204 E. COURT STREET
COTTONWOOD FALLS, KS 66845		BELOIT, KS 67420

EPA	Company ID - 6658 Fuel Id - 665812311 Facility - 80109	EPA reg# -	
FEIN #	26-0214294	FEIN #	
State Lisc #	10407	***NOTE***	

Item #	Description	Totalizer Start	Gallon	$/ Gallon		
Truck 1	***Glycerine***		4500	$ 0.50		$ 2,250.00

$/gal @ 60F	$2,250.000
State Tax	$0.00
Fed Tax	$0.00
Total	$2,250.00

Rin Ownership Transfer 1.5 times biodiesel gallons

Total # RINS to Transfer -	0	Year	2011

RIN Batch

ATTACHMENT 2B Page 2 of 7

R-3 ENERGY LLC

R-3 Energy LLC
1722 210 Road
Cottonwood Falls, KS 66845
phone: 620.273.1107
fax: 620.273.1109

Product Transfer Document - RIN Transfer Document

Sale Date-	8/12/2011	Transaction ID: R3-MO-Better Beans 8-12-2011	Load Date	8/12/2011

Origin	Destination	
R-3 ENERGY, LLC	sold to	MISSOURI BETTER BEANS
1722 210 ROAD	address	P. O. BOX 143
COTTONWOOD FALLS, KS 66845		BUNCETON, MO 65237

EPA	Company ID - 6658 Fuel Id - 665812311 Facility - 80109	EPA reg# -	
FEIN #	26-0214294	FEIN #	
State Lisc #	10407	***NOTE***	

Item #	Description	Totalizer Start	Pounds	$/ Pound		
Truck 1	***Glycerine***		45280	$ 0.04		$ 1,811.20

$/gal @ 60F	$1,811.200
State Tax	$0.00
Fed Tax	$0.00
Total	$1,811.20

Rin Ownership Transfer 1.5 times biodiesel gallons

Total # RINS to Transfer -	0	Year	2011

RIN Batch

ATTACHMENT 2B Page 3 of 7

R-3 ENERGY LLC

R-3 Energy LLC
1722 210 Road
Cottonwood Falls, KS 66845
phone: 620.273.1107
fax: 620.273.1109

Product Transfer Document - RIN Transfer Document

Sale Date-	7/22/2011	Transaction ID: R3-MO-Better Beans 7-22-2011	Load Date	7/22/2011

Origin	Destination	
R-3 ENERGY, LLC	sold to	MISSOURI BETTER BEANS
1722 210 ROAD	address	P. O. BOX 143
COTTONWOOD FALLS, KS 66845		BUNCETON, MO 65237

EPA	Company ID - 6658 Fuel Id - 665812311 Facility - 80109	EPA reg# -	
FEIN #	26-0214294	FEIN #	
State Lisc #	10407	***NOTE***	

Item #	Description	Totalizer Start	Pounds	$/ Pound		
Truck 1	***Glycerine***		39910	$ 0.04		$ 1,596.40

$/gal @ 60F	$1,596.400
State Tax	$0.00
Fed Tax	$0.00
Total	$1,596.40

Rin Ownership Transfer 1.5 times biodiesel gallons

Total # RINS to Transfer -	0	Year	2011

RIN Batch

ATTACHMENT 28 Page 4 of 7

R-3 ENERGY LLC

R-3 Energy LLC
1722 210 Road
Cottonwood Falls, KS 66845
phone: 620.273.1107
fax: 620.273.1109

Product Transfer Document - RIN Transfer Document

Sale Date-	7/6/2011	Transaction ID: R3-Farmway Coop	Load Date	7/6/2011

Origin	Destination	
R-3 ENERGY, LLC	sold to	FARMWAY COOP
1722 210 ROAD	address	204 E. COURT STREET
COTTONWOOD FALLS, KS 66845		BELOIT, KS 67420

EPA	Company ID - 6658 Fuel Id - 665812311 Facility - 80109	EPA reg# -	
FEIN #	26-0214294	FEIN #	
State Lisc #	10407	***NOTE***	

Item #	Description	Totalizer Start	Pounds	$/ Pound		
Truck 1	***Glycerine***		36480	$ 0.05		$ 1,824.00

$/gal @ 60F	$1,824.000
State Tax	$0.00
Fed Tax	$0.00
Total	$1,824.00

Rin Ownership Transfer 1.5 times biodiesel gallons

Total # RINS to Transfer -	0	Year	2011

RIN Batch

ATTACHMENT 26 Page 5 of 7

R-3 ENERGY LLC

R-3 Energy LLC
1722 210 Road
Cottonwood Falls, KS 66845
phone: 620.273.1107
fax: 620.273.1109

Product Transfer Document - RIN Transfer Document

Sale Date-	6/7/2011	Transaction ID: R3-MO-Better-Beans	Load Date	6/7/2011

Origin	Destination	
R-3 ENERGY, LLC	sold to	MISSOURI BETTER BEANS
1722 210 ROAD	address	P. O. Box 143
COTTONWOOD FALLS, KS 66845		Bunceton, MO 65237

EPA	Company ID - 6658 Fuel Id - 665812311 Facility - 80109	EPA reg# -	3252
FEIN #	26-0214294	FEIN #	26-0750499
State Lisc #	10407	***NOTE***	

Item #	Description	Totalizer Start	Pounds	$/ Pound		
Truck 1	***Glycerine***		38960	$ 0.04		$ 1,558.40

$/gal @ 60F	$1,558.400
State Tax	$0.00
Fed Tax	$0.00
Total	$1,558.40

Rin Ownership Transfer 1.5 times biodiesel gallons

Total # RINS to Transfer -	0	Year	2011

RIN Batch

ATTACHMENT 2B Page 6 of 7

R-3 ENERGY LLC

R-3 Energy LLC
1722 210 Road
Cottonwood Falls, KS 66845
phone: 620.273.1107
fax: 620.273.1109

Product Transfer Document - RIN Transfer Document

Sale Date- 1/6/2011	Transaction ID: R3-01062011-GLY	Load Date 1/6/2011

Origin	Destination
R-3 Energy LLC, Cottonwood Falls KS Phone: 620.273.1109	Missouri Better Beans P. O. Box 143 Bunceton, MO 65237

EPA	Company ID - 6658 Fuel Id - 665812311 Facility - 80109	EPA reg# -	
FEIN #	26-0214294	FEIN #	
State Lisc #	10407		

Item #	Description					Pounds
1	GLYCERIN					46620
				0		
						46620

$/pound	$0.040
State Tax	$0.00
Fed Tax	$0.00
Total	$1,864.80

Payment Due: 1/6/2011

Rin Ownership Transfer

Total # RINS to Transfer -

RIN Batch

ATTACHMENT 2B Page 7 of 7

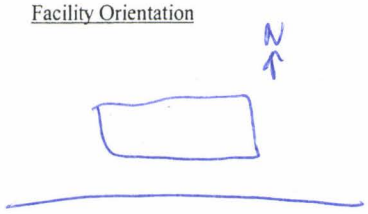
Facility: R3 Engery Date: 7/23/13 Arrival time: ≈10AM

DRIVE-BY

1. Drive-by conducted from public right-of-way? ☑ Yes ☐ No

2. Determine the direction "North" with respect to the facility and provide a brief sketch of the layout and orientation (as can be viewed from the public right-of-way): →

Facility Orientation



3. Obvious concerns visible from public right-of-way (photos)? ☐ Yes ☑ No

- Containers	- Tanks	- Processing Equipment
- Loading Areas	- Unloading Areas	- Security Devices
- Open Drums	- Stressed Vegetation	- Unusual Staining
- Unusual Odors	- Obvious Discharges	- Improper Disposal
- Safety Concerns	- Other Concerns	

SITE ENTRY AND INBRIEFING

1. ☑ Used main entrance ☑ Entered during normal operating hours ☐ Excessive delays (>15 minutes - denial of access?) - ☐ No

2. Facility Representative(s): Jerry McCalla Title: Owner/CEO (changed owner became CEO later)
Noti
Eric Shoults Title: Owner/Director (always)

3. Does representative have intimate knowledge of all waste management practices? ☑ Yes ☐ No How long in position? see report

4. **Introduction:**

- ☑ Presented credentials
- ☑ Verified presence at correct facility (checked address/I.D. #)
- ☑ Explained authority to conduct inspection (Section 3007 of RCRA)
- ☑ Explained the purpose, scope, and order of the inspection
- ☑ Explained documentation process - worksheets, checklists, photo's, notes, statements, etc
- ☑ Explained facility's right to claim CBI
- ☑ Explained responsibility to provide accurate information and provided copies of Section 1001 and 1002 U.S.C. to facility
- ☑ Identified personal safety considerations: _____
- ☑ Completed Multimedia screening checklist
- ☑ Provided SBREFA handout exit
- ☐ Obtained GPS reading

5. Was full access granted? ☑ Yes ☑ By facility representative Other (name): _____

☐ No - Access denied Name of person denying access: _____ Time of denial: _____

Reason for denial, or limitations placed on access:

EXIT BRIEFING

1. Reviewed all data collected and documented all concerns or violations? ☑ Yes ☐ No

- Location of the violation, type and amount of waste involved, time frame, frequency, specific dates & when first started occurred
- Illegal units - unit location (diagram/picture), dimensions, conditions, construction material, gradient of the base (for spills), other information.
- Illegal disposal - how, when (each occurrence), where sent or disposed of, how shipped, who shipped, when shipped/disposed of, quantity

N/A ☐ Identified/verified violations from previous inspection were corrected (if applicable)
☑ Addressed all unresolved inspection related issues
☑ Summarized findings and observations for the facility representatives

NOV issued? ☑ Yes ☐ No ☑ Violations clearly identified and explained, including: circumstances, location, and applicable regulations

☑ Explained the importance of a timely (14 day) and adequate response
☑ Explained that findings and observations are based on your current knowledge of RCRA and that the final findings may differ
☑ Explained that compliance officer will make the final compliance decisions and that all compliance questions should be directed toward them
☑ Explained that recommendations provided are for informational purposes only and ***DO NOT*** require specific actions by the facility
☑ Provided facility with CBI form
N/A ☐ Prepared Document Receipt form

3. Specific information requested from facility? see report ☑ Yes ☐ No _____

4. Facility appears to have awareness of RCRA regulations and/or has its own environmental staff? ☐ Yes ☑ No

Facility has copy of applicable regulations? internet access ☐ Yes ☐ No

6. Attitude and demeanor of facility representative(s): ☑ OK ☐ Not OK _____

Compliance Asst Doc Provided:

EPA Industry Sector Notebooks List
Compliance Asst Ctrs
SBREFA & Supplemental Info
Security Awareness & for Transporters

Homeland Security Chemical Facility Anti-Terrorism Stds

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
CONFIDENTIALITY NOTICE

Facility Name R3 Energy	
Facility Address Cotton Wood Falls, KS	
Inspector (print) Dedriel Newsome	
U.S. EPA, Region VII, 901 N. 5th St., Kansas City, KS 66101	Date 7/23/13

The United States Environmental Protection Agency (EPA) is obligated, under the Freedom of Information Act, to release information collected during inspections to persons who submit requests for that information. The Freedom of Information Act does, however, have provisions that allow EPA to withhold certain confidential business information from public disclosure. To claim protection for information gathered during this inspection you must request that the information be held CONFIDENTIAL and substantiate your claim in writing by demonstrating that the information meets the requirements in 40 CFR 2, Subpart B. The following criteria in Subpart B must be met:

1. Your company has taken measures to protect the confidentiality of the information, and it intends to continue to take such measures.

2. No statute specifically requires disclosure of the information.

3. Disclosure of the information would cause substantial harm to your company's competitive position.

Information that you claim confidential will be held as such pending a determination of applicability by EPA.

I have received this Notice and DO NOT want to make a claim of confidentiality at this time.	
Facility Representative Provided Notice (print)	Signature/Date
A. Eric Shoultz	A Eric Shoultz 7/23/13

I have received this Notice and DO want to make a claim of confidentiality.	
Facility Representative Provided Notice (print)	Signature/Date

Information for which confidential treatment is requested;

(Rev: 11/15/99)

Notice of Violation Pursuant to Requirements
of the Resource Conservation and Recovery Act (RCRA)

TO: Facility Name: R3 Entrgy
Address: 1722 210 Road
Cottonwood Falls, KS 66845
EPA ID Number: Non-notifier Date: 7/23/13

This notice is provided to call your attention to the following areas of noncompliance with state and federal regulations. This notice does not constitute a compliance order (Administrative Civil Complaint) pursuant to Section 3008 of RCRA and may not be a complete listing of all violations resulting from the the inspection.

Citation (as incorporated in KS state regs)	Description of Violation
① 40 CFR 262.11	Make a hazardous waste determination on ~~4~~ items listed on Attachment #1

You are requested to submit a written response within **14 calendar days** of receipt of this notice. Your response should include a description of all corrective actions taken and/or a schedule for completing the necessary corrective actions. The response should be submitted to:

U. S. Environmental Protection Agency, Region VII
300 Minnesota Ave
Kansas City, KS 66101

ATTN. Dedriel Newsome

If you have any questions about this Notice or wish to discuss your response, you may call me at 913 551 7049, or Ed Buckner (Compliance Officer) at 913 551 7621.

This Notice prepared by Dedriel Newsome Date: 7/23/13

The undersigned person acknowledges that he/she has received a copy of this Notice and has read same.

Printed Name: Jerry McCall Date: 7-23-13
Signature:
Title:

R3 Energy
NOV Attachment #1

7/23/13
RCRA Inspection

1. 20 to 30 ≈full 1-gt cans of biodiesel retain samples

2 ≈1/3 full 55-gal drum of drying agent (provide name also (5) ___)

3. Lab Chemicals
   (a) 1gal jug acetone
   (b) 1gal jug 50:50 IPA/~~methanol~~ toluene
   (c) beakers of process samples
   (d) Muriatic Acid
   (e) others in lab

4. 3 polishing 330-gal totes (≈3/4, 1/2 & 2/3 full)

5. ≈8 used filter socks in Process Area and filter socks in general trash

6. Oil/Mixes of Process Chemicals
   3 totes soy/soap (1/2, 2/3, 3/4)
   1 tote soap labeled waste

7 Used Resin
   31 - 90 to 100 lb drums
   7 - 250 lb fiber drums

8 Paint Related Material on Second Floor
   9 - 1-gal square cans
   11 - 5-gal pails
   5 - 1gal round cans

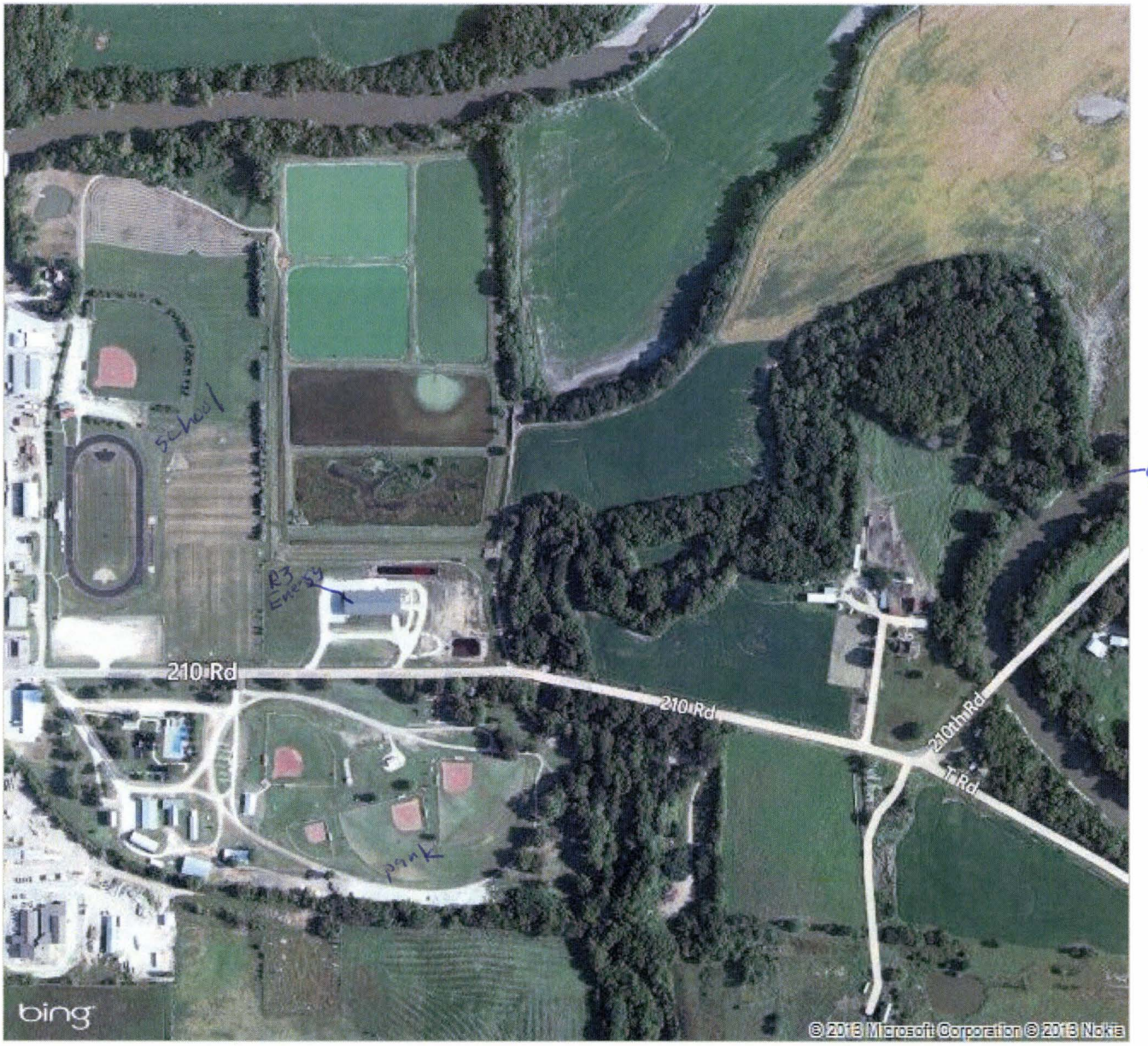
9. Glycerin shipped for dust control

Additional Info - shipping documents for Glycerin (last 4 min)

bing Maps

My Notes

On the go? Use **m.bing.com** to find maps, directions, businesses, and more



Stream

Bird's eye view maps can't be printed, so another map view has been substituted.

ATTACHMENT 6A Page 1 of 1

bing Maps

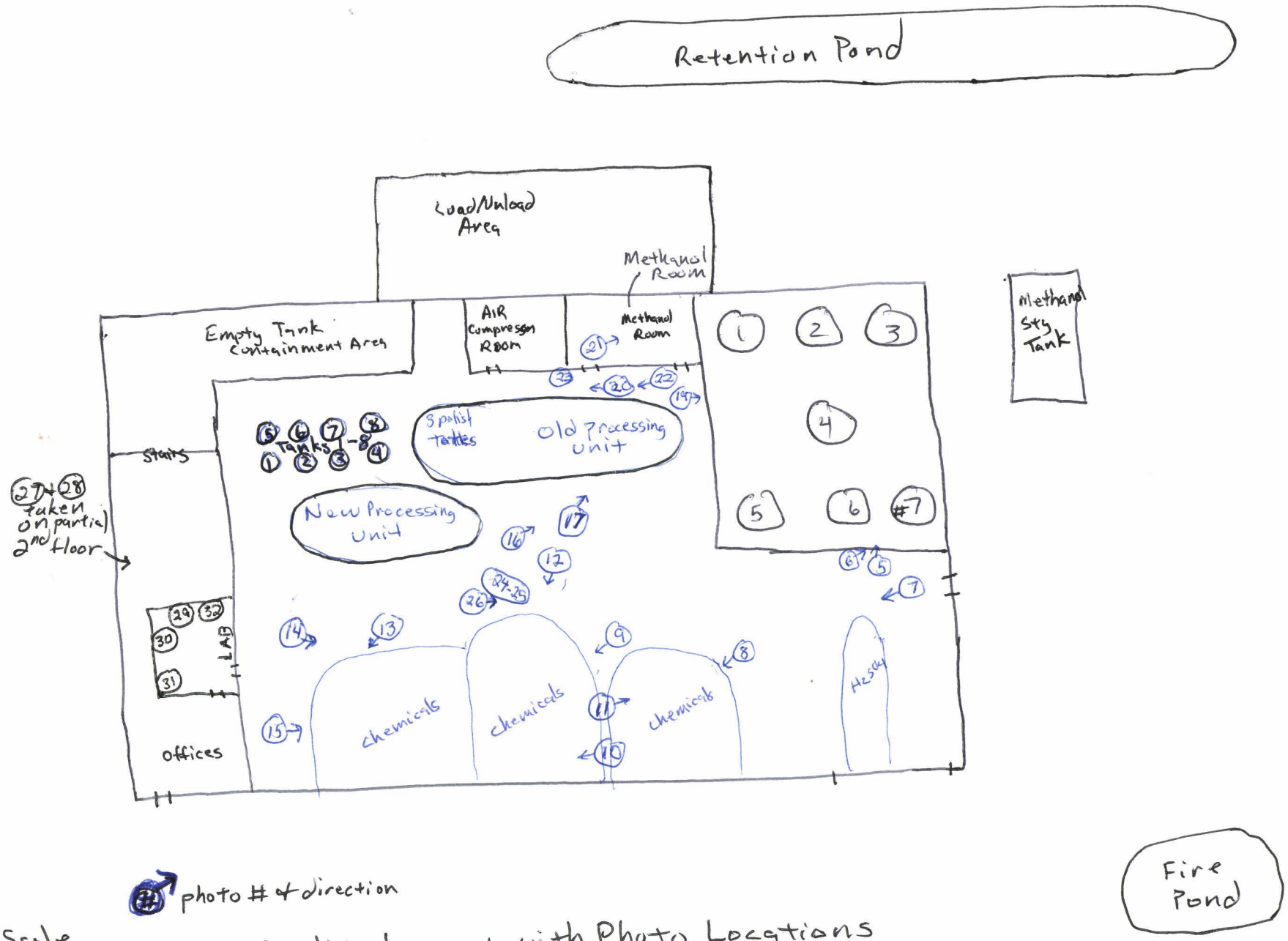
My Notes

On the go? Use **m.bing.com** to find maps, directions, businesses, and more

Bird's eye view maps can't be printed, so another map view has been substituted.

ATTACHMENT 6B Page 1 of 1

ATTACHMENT 6C Page 1 of 1



Facility Layout with Photo Locations

J. Newsome
7/23/13 RCRA Inspection

DLW

HANDLER INFORMATION REPORT

July 9, 2013

PROCEDURES for Inspectors performing Site Visits

If the facility wants to make a change, they must complete a Notification of Regulated Waste Activity form and send it to KDHE-BWM, 1000 SW Jackson, Ste 320, Topeka, KS 66612-1366. The form can be found at http://www.kdheks.gov/waste/forms/hazwaste/gen500-notifyofregactivity-hwgen.pdf

If during the course of the site visit, the inspector/investigator becomes aware of any changes which should be made to the information printed on this form, please make the corrections and return the form to: Beth Koesterer, AWMD/WEMM.

EPA RCRA ID Number: *Administrative ID Number not yet assigned*

Name of Company/Site: R3 ENERGY
Location of Site: 1722 210 RD
COTTONWOOD FALLS, KS 66845
CHASE County

Land Type: Private

NAICS: 325199

Mailing Address: 25 B S. Kehol2 Rd, Council Grove KS 66846

Site Contact:
Job Title: G. Eric Sloults, Director
Address: above

Email: eric sloults @ Fairpoint.Net
Phone Number: 620 279 4475

Current Owner of Site: R 3 Energy LLC
Address:

Phone Number: same
Owner Type:
Date Became Owner:

Current Operator of Site: R 3 Energy
Phone Number: same owner
Operator Type:
Date Became Operator: 9-09

TYPE(S) OF REGULATED ACTIVITY: None generator of known hazardous waste, However some hazardous waste determinations need to be made.

Hazardous Wastes Handled:

Date of Site Visit: 7/23/13

Name of Inspector (Please print): Dedriel Newsome

(Check one): ☑ EPA R7 ENSV ☐ EPA R7 Contractor ☐ NOWCC/SEE Investigator

Signature of Inspector: Dedriel Newsome

PHOTO LOG

Facility Name / City: R3 Energy
Cottonwood Falls, KS
Facility ID #: Non-notifier
Date : July 23, 2013
Photographer: Dedriel Newsome
Type of Camera: Olympus Stylus 720 SW, Serial #: A93671407
Digital Recording Media: Flashcard
All digital photos were copied by: Dedriel Newsome on 8/12/2013
All digital photos were copied to: CD-R
Original copy is stored in: CD-R. Digital photos were downloaded to CD-R all by Dedriel Newsome.
No changes were made in the original image files prior to storage on the CD-R.

Report Photo #	Photographer	Date	Approx. Time	File Name (DSCN0xxx.jpg)	Description
1	Dedriel Newsome	07/23/13	10:29 AM	525	Facility Layout posted in the Lab.
2	Dedriel Newsome	07/23/13	11:14 AM	526	Retention Pond (facing NE) – Oil and several apparent aluminum beer cans in the pond.
3	Dedriel Newsome	07/23/13	11:15 AM	527	Retention Pond (facing NE) – Oil and several apparent aluminum beer cans in the pond.
4	Dedriel Newsome	07/23/13	11:15 AM	528	Retention Pond (facing NE) – Oil and several apparent aluminum beer cans in the pond.
5	Dedriel Newsome	07/23/13	11:43 AM	529	East Tank Storage Area - Tank #7 on right side of photo containing a 300 to 500 gallon heel. Close-up of the bottom of Tank #7 with heel is shown in photo 6. Also, liquid/gel puddles on floor in the tanks' containment area. See attachment 6C for photo location.
6	Dedriel Newsome	07/23/13	11:43 AM	530	East Tank storage Area - Tank #7 containing a 300 to 500 gallon heel. See attachment 6C for photo location.
7	Dedriel Newsome	07/23/13	11:43 AM	531	Remaining Chemicals On-site – Area includes 16 blue drums of unused sulfuric acid (report Section 4.5.2 Inventory Item #1) and containers of various other chemicals shown in photos 8 through 15. See attachment 6C for photo location.
8	Dedriel Newsome	07/23/13	11:44 AM	532	Remaining Chemicals On-site – Area includes report Section 4.5.1 Inventory Item #6a (soy oil/soap) and Section 4.5.2 Inventory Item #3 (oil to be processed). See attachment 6C for photo location.
9	Dedriel Newsome	07/23/13	11:44 AM	533	Remaining Chemicals On-site – Area includes report Section 4.5.1 Inventory Item #7 (used filter resin) and Section 4.5.2 Inventory Item #3 (drum of oil to be processed). See attachment 6C for photo location.
10	Dedriel Newsome	07/23/13	11:44 AM	534	Remaining Chemicals On-site – Area includes report Section 4.5.1 Inventory Item #6a (soy oil/soap) and #7 (used filter resin) and Section 4.5.2 Inventory Items #2 (sodium methylate) and #3 (oil to be processed).
11	Dedriel Newsome	07/23/13	11:45 AM	535	Remaining Chemicals On-site – Area includes report Section 4.5.1 Inventory Item #6a (soy oil/soap) and Section 4.5.2 Inventory Items #2 (sodium methylate) and #3 (oil to be processed). See attachment 6C for photo location.
12	Dedriel Newsome	07/23/13	11:45 AM	536	Remaining Chemicals On-site – Area includes report Section 4.5.1 Inventory Items #6a and 6b (soy oil/soap) and #7 (used filter resin) and Section 4.5.2 Inventory Items #2 (sodium methylate) and #3 (oil to be processed). See attachment 6C for photo location.
13	Dedriel Newsome	07/23/13	11:45 AM	537	Remaining Chemicals On-site – Area includes report Section 4.5.2 Inventory Items #2 (sodium methylate) and #3 (oil to be processed). Also, liquid/gel puddles on floor in area. See attachment 6C for photo location.

Report Photo #	Photographer	Date	Approx. Time	File Name (DSCN0xxx.jpg)	Description
14	Dedriel Newsome	07/23/13	11:45 AM	538	Remaining Chemicals On-site – Area includes report Section 4.5.1 Inventory Items #6a and 6b (soy oil/soap) and #7 (used filter resin) and Section 4.5.2 Inventory Items #2 (sodium methylate) and #3 (oil to be processed). Also, liquid/gel puddles on floor in area. See attachment 6C for photo location.
15	Dedriel Newsome	07/23/13	11:46 AM	539	Remaining Chemicals On-site – Area includes report Section 4.5.1 Inventory Item #6a (soy oil/soap) and Section 4.5.2 Inventory Items #2 (sodium methylate) and #3 (oil to be processed). Also, liquid/gel puddles on floor in area. See attachment 6C for photo location.
16	Dedriel Newsome	07/23/13	11:47 AM	540	Old Processing Equipment including report Section 4.5.2 Inventory Items #4 (used filter socks). Also, liquid/gel puddles on floor in area. Close-up shown in photo 16. See attachment 6C for photo location.
17	Dedriel Newsome	07/23/13	11:47 AM	541	Close-up of report Section 4.5.2 Inventory Items #4 (used filter socks) shown in photo 16. Also, liquid/gel puddles on floor in area. See attachment 6C for photo location.
18	Dedriel Newsome	07/23/13	11:47 AM	542	East Tank Storage Area, see attachment 6C for photo location. Also, liquid/gel puddles on floor in the tanks' containment area.
19	Dedriel Newsome	07/23/13	11:48 AM	543	East Tank Storage Area, see attachment 6C for photo location. Also, liquid/gel puddles on floor in the tanks' containment area.
20	Dedriel Newsome	07/23/13	11:48 AM	544	Puddles/spills on floor and in between floor seams, see attachment 6C for photo location.
21	Dedriel Newsome	07/23/13	11:49 AM	545	Methanol Storage Room – Used methanol tank where methanol vapors are vented from the process, condensed into a liquid and then reused in the process, see attachment 6C for photo location. Also, stains observed on the floor in room.
22	Dedriel Newsome	07/23/13	11:51 AM	546	Old Processing Equipment. Also, liquid/gel puddles on floor in area.
23	Dedriel Newsome	07/23/13	11:51 AM	547	Report Section 4.5.1 Inventory Item #5 (spent filter socks). See attachment 6C for photo location.
24	Dedriel Newsome	07/23/13	11:56 AM	548	Remaining Chemicals On-site – Close-up of face down "Waste" label lying on top of tote that was turned over by Mr. McCalla, see report Section 4.5.1 Inventory Item #6b. See attachment 6C for photo location.
25	Dedriel Newsome	07/23/13	11:56 AM	549	Remaining Chemicals On-site – Close-up of face down "Waste" label lying on top of tote that was turned over by Mr. McCalla, see report Section 4.5.1 Inventory Item #6b. See attachment 6C for photo location.
26	Dedriel Newsome	07/23/13	11:56 AM	550	Remaining Chemicals On-site – Tote with face down "Waste" label lying on top, see report Section 4.5.1 Inventory Item #6b. See attachment 6C for photo location.
27	Dedriel Newsome	07/23/13	12:04 PM	551	Report Section 4.5.1 Inventory Item #8 (paint related materials). See attachment 6C for photo location.
28	Dedriel Newsome	07/23/13	12:05 PM	552	Close-up of report Section 4.5.1 Inventory Item #8 (paint related materials). See attachment 6C for photo location.
29	Dedriel Newsome	07/23/13	1:18 PM	553	Lab Bench - Report Section 4.5.1 Inventory Item #3a, 3b, and 3c.iv (lab chemicals). See attachment 6C for photo location.
30	Dedriel Newsome	07/23/13	1:18 PM	554	Lab Bench - Report Section 4.5.1 Inventory Item #3c.i, 3c.ii and 3e (lab chemicals). See attachment 6C for photo location.
31	Dedriel Newsome	07/23/13	1:18 PM	555	Lab Bench - Report Section 4.5.1 Inventory Item #3c.iii and 3c.v (lab chemicals). See attachment 6C for photo location.
32	Dedriel Newsome	07/23/13	1:19 PM	556	Lab in Cabinet - Report Section 4.5.1 Inventory Item #3d (lab chemical). See attachment 6C for photo location.
33	Dedriel Newsome	07/23/13	1:46 PM	557	Due to no working copier available on-site, this is a photo of the NOV Attachment #1 that I prepared prior to Mr. McCalla initialing it.
34	Dedriel Newsome	07/23/13	2:35 PM	558	Due to no working copier available on-site, this is a photo of the NOV Attachment #1 that I prepared after Mr. McCalla initialed it.

R3 Energy Photographs
Cottonwood Falls, KS
7/23/2013
Photos taken by Dedriel Newsome

R3 Energy, Cotton Falls, KS

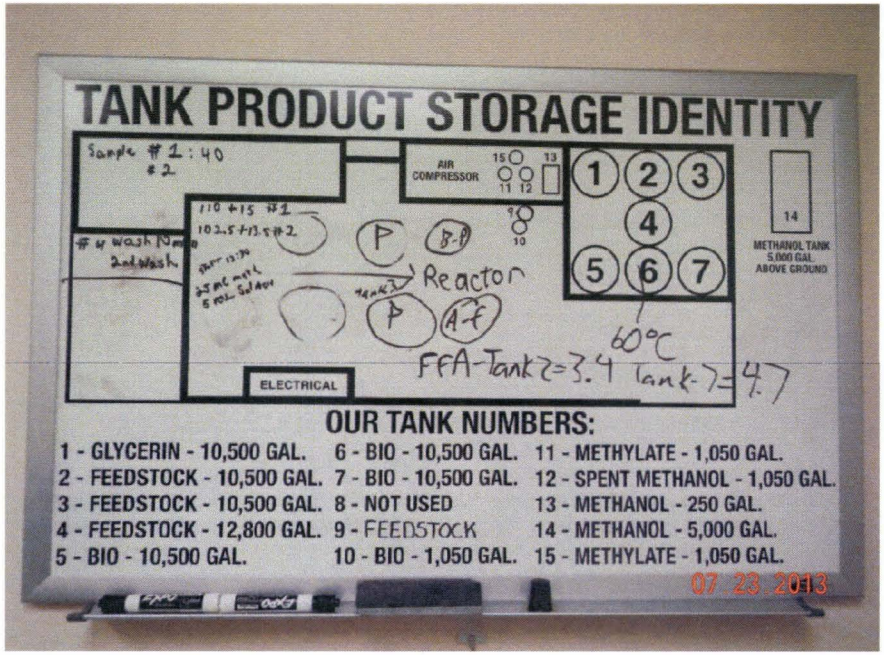


PHOTO 1, 7/23/2013 – Facility Layout posted in the Lab.
D. Newsome

PHOTO 2, 7/23/2013 – Retention Pond (facing NE) – Oil and several apparent aluminum beer cans in the pond.
D. Newsome

PHOTO 3, 7/23/2013 – Retention Pond (facing NE) – Oil and several apparent aluminum beer cans in the pond.
D. Newsome

PHOTO 4, 7/23/2013 – Retention Pond (facing NE) – Oil and several apparent aluminum beer cans in the pond.
D. Newsome

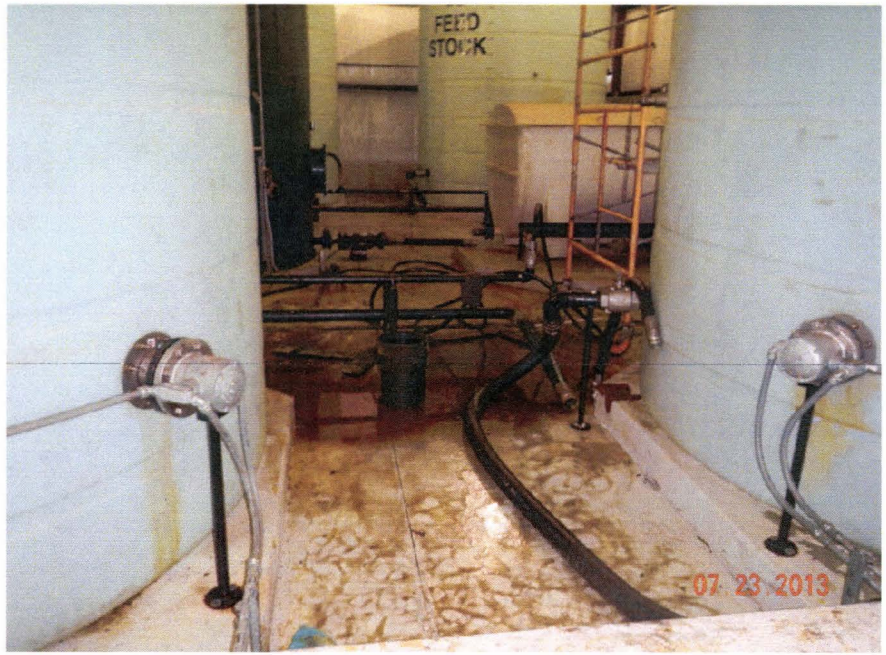


PHOTO 5, 7/23/2013 – East Tank Storage Area - Tank #7 on right side of photo containing a 300 to 500 gallon heel. Close-up of the bottom of Tank #7 with heel is shown in photo 6. Also, liquid/gel puddles on floor in the tanks' containment area. See attachment 6C for photo location. D. Newsome

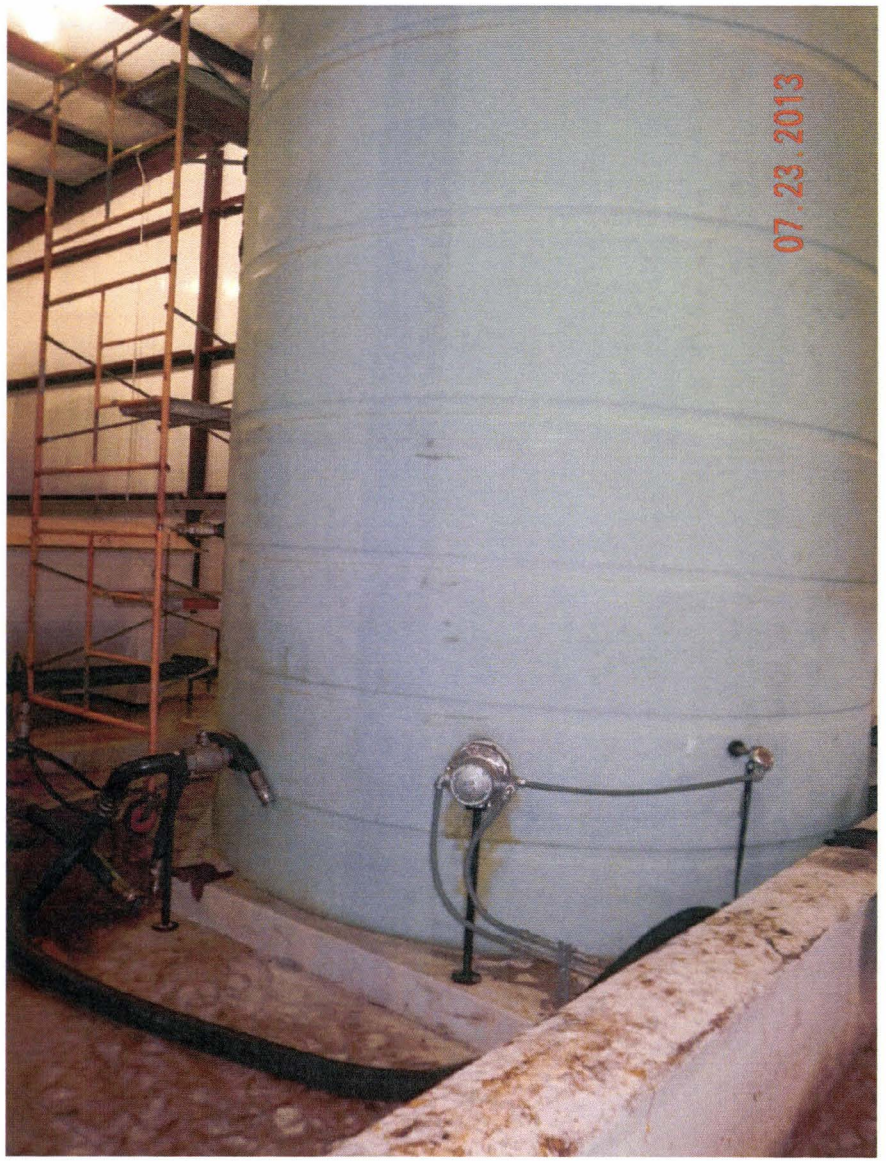


PHOTO 6, 7/23/2013 – East Tank storage Area - Tank #7 containing a 300 to 500 gallon heel. See attachment 6C for photo location. D. Newsome

PHOTO 7, 7/23/2013 – Remaining Chemicals On-site – Area includes 16 blue drums of unused sulfuric acid (report Section 4.5.2 Inventory Item #1) and containers of various other chemicals shown in photos 8 through 15. See attachment 6C for photo location. D. Newsome

PHOTO 8, 7/23/2013 – Remaining Chemicals On-site – Area includes report Section 4.5.1 Inventory Item #6a (soy oil/soap) and Section 4.5.2 Inventory Item #3 (oil to be processed). See attachment 6C for photo location. D. Newsome

PHOTO 9, 7/23/2013 – Remaining Chemicals On-site – Area includes report Section 4.5.1 Inventory Item #7 (used filter resin) and Section 4.5.2 Inventory Item #3 (drum of oil to be processed). See attachment 6C for photo location.
D. Newsome

PHOTO 10, 7/23/2013 – Remaining Chemicals On-site – Area includes report Section 4.5.1 Inventory Item #6a (soy oil/soap) and #7 (used filter resin) and Section 4.5.2 Inventory Items #2 (sodium methylate) and #3 (oil to be processed). Also, shown are three tanks used by EPA identified by Mr. McCalla and Mr. Shoults. See attachment 6C for photo location.
D. Newsome

PHOTO 11, 7/23/2013 – Remaining Chemicals On-site – Area includes report Section 4.5.1 Inventory Item #6a (soy oil/soap) and Section 4.5.2 Inventory Items #2 (sodium methylate) and #3 (oil to be processed). See attachment 6C for photo location. D. Newsome

PHOTO 12, 7/23/2013 – Remaining Chemicals On-site – Area includes report Section 4.5.1 Inventory Items #6a and 6b (soy oil/soap) and #7 (used filter resin) and Section 4.5.2 Inventory Items #2 (sodium methylate) and #3 (oil to be processed). See attachment 6C for photo location. D. Newsome

PHOTO 13, 7/23/2013 – Remaining Chemicals On-site – Area includes report Section 4.5.2 Inventory Items #2 (sodium methylate) and #3 (oil to be processed). Also, liquid/gel puddles on floor in area. See attachment 6C for photo location. D. Newsome

Tote with waste label on top

PHOTO 14, 7/23/2013 – Remaining Chemicals On-site – Area includes report Section 4.5.1 Inventory Items #6a and 6b (soy oil/soap) and #7 (used filter resin) and Section 4.5.2 Inventory Items #2 (sodium methylate) and #3 (oil to be processed). Also, liquid/gel puddles on floor in area. See attachment 6C for photo location. D. Newsome

PHOTO 15, 7/23/2013 – Remaining Chemicals On-site – Area includes report Section 4.5.1 Inventory Item #6a (soy oil/soap) and Section 4.5.2 Inventory Items #2 (sodium methylate) and #3 (oil to be processed). Also, liquid/gel puddles on floor in area. See attachment 6C for photo location. D. Newsome

PHOTO 16, 7/23/2013 – Old Processing Equipment including report Section 4.5.2 Inventory Items #4 (used filter socks). Also, liquid/gel puddles on floor in area. Close-up shown in photo 16. See attachment 6C for photo location. D. Newsome

R3 Energy, Cotton Falls, KS

PHOTO 17, 7/23/2013 – Close-up of report Section 4.5.2 Inventory Items #4 (used filter socks) shown in photo 16. Also, liquid/gel puddles on floor in area. See attachment 6C for photo location. D. Newsome

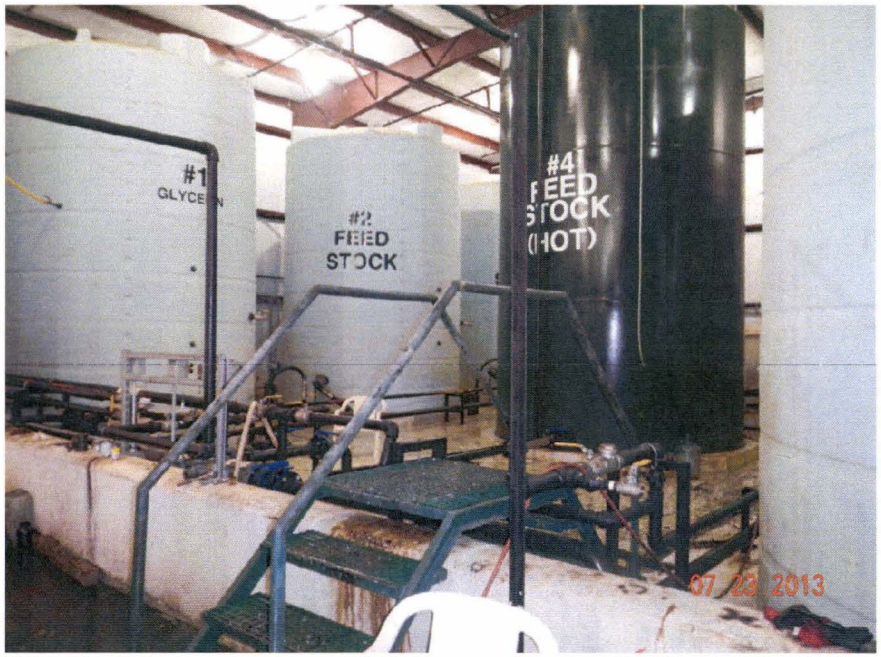


PHOTO 18, 7/23/2013 – East Tank Storage Area, see attachment 6C for photo location. Also, liquid/gel puddles on floor in the tanks' containment area. D. Newsome

PHOTO 19, 7/23/2013 – East Tank Storage Area, see attachment 6C for photo location. Also, liquid/gel puddles on floor in the tanks' containment area. D. Newsome

PHOTO 20, 7/23/2013 – Puddles/spills on floor and in between floor seams, see attachment 6C for photo location.
D. Newsome

PHOTO 21, 7/23/2013 – Methanol Storage Room – Used methanol tank where methanol vapors are vented from the process, condensed into a liquid and then reused in the process, see attachment 6C for photo location. Also, stains observed on the floor in room. D. Newsome

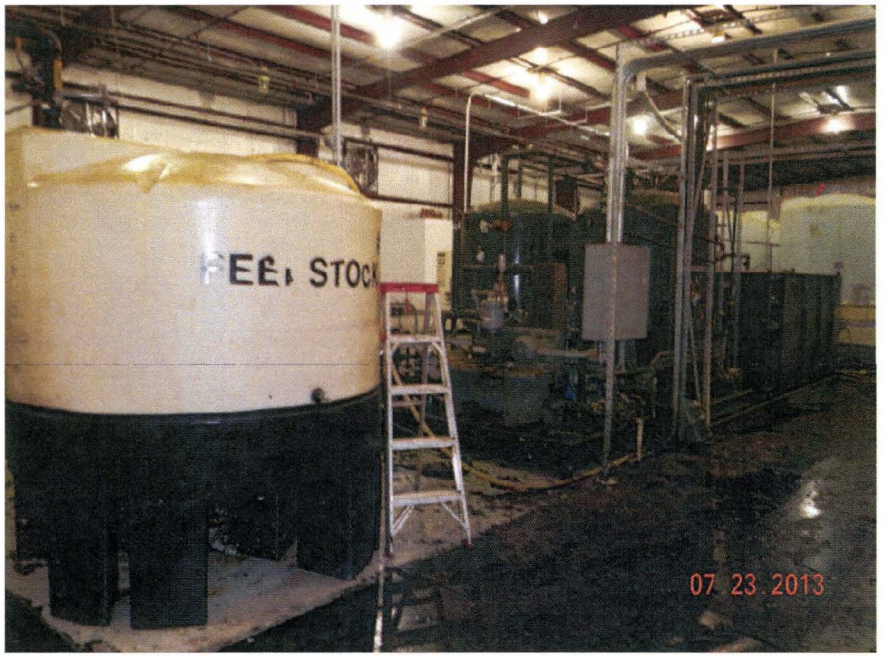


PHOTO 22, 7/23/2013 – Old Processing Equipment. Also, liquid/gel puddles on floor in area. D. Newsome

PHOTO 23, 7/23/2013 – Report Section 4.5.1 Inventory Item #5 (spent filter socks). See attachment 6C for photo location. D. Newsome

PHOTO 24, 7/23/2013 – Remaining Chemicals On-site – Close-up of face down "Waste" label lying on top of tote that was turned over by Mr. McCalla, see report Section 4.5.1 Inventory Item #6b. See attachment 6C for photo location. D. Newsome

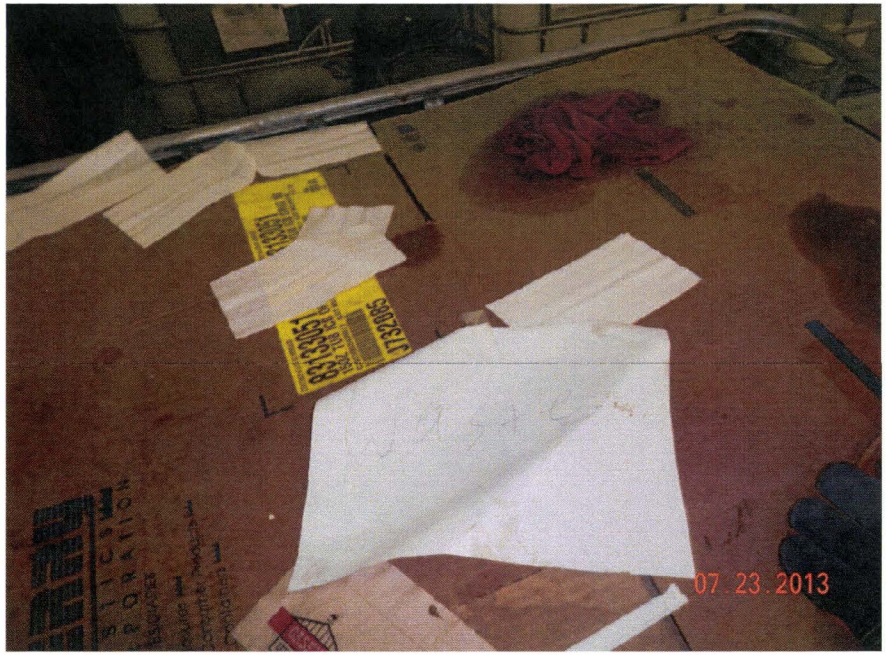


PHOTO 25, 7/23/2013 – Remaining Chemicals On-site – Close-up of face down "Waste" label lying on top of tote that was turned over by Mr. McCalla, see report Section 4.5.1 Inventory Item #6b. See attachment 6C for photo location. D. Newsome

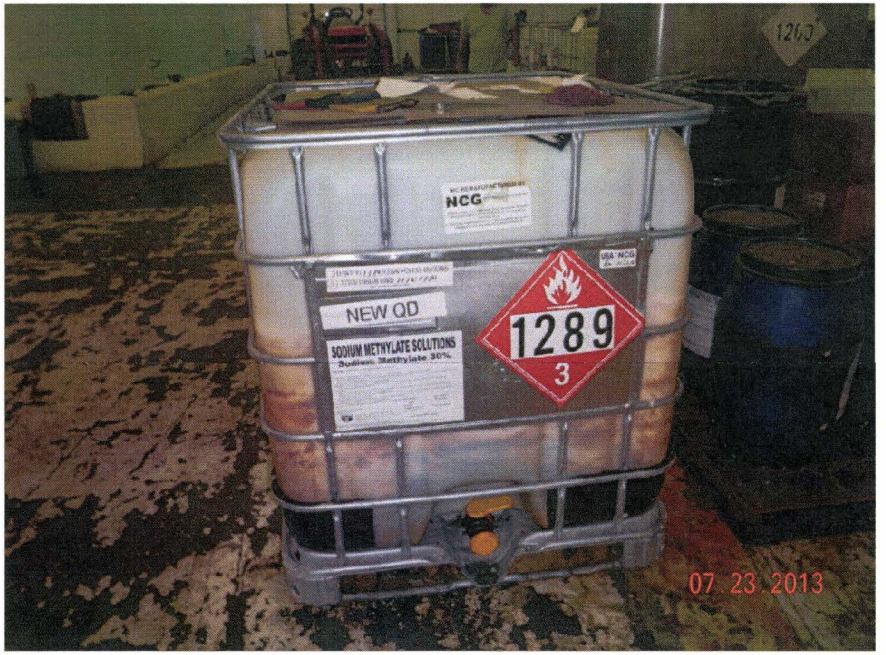


PHOTO 26, 7/23/2013 – Remaining Chemicals On-site – Tote with face down "Waste" label lying on top, see report Section 4.5.1 Inventory Item #6b. See attachment 6C for photo location. D. Newsome

PHOTO 23, 7/23/2013 – Report Section 4.5.1 Inventory Item #8 (paint related materials). See attachment 6C for photo location. D. Newsome

PHOTO 23, 7/23/2013 – Close-up of report Section 4.5.1 Inventory Item #8 (paint related materials). See attachment 6C for photo location. D. Newsome

PHOTO 29, 7/23/2013 – Lab Bench - Report Section 4.5.1 Inventory Item #3a, 3b, and 3c.iv (lab chemicals). See attachment 6C for photo location. D. Newsome

PHOTO 30, 7/23/2013 – Lab Bench - Report Section 4.5.1 Inventory Item #3c.i, 3c.ii and 3e (lab chemicals). See attachment 6C for photo location. D. Newsome

PHOTO 31, 7/23/2013 – Lab Bench - Report Section 4.5.1 Inventory Item #3c.iii and 3c.v (lab chemicals). See attachment 6C for photo location. D. Newsome

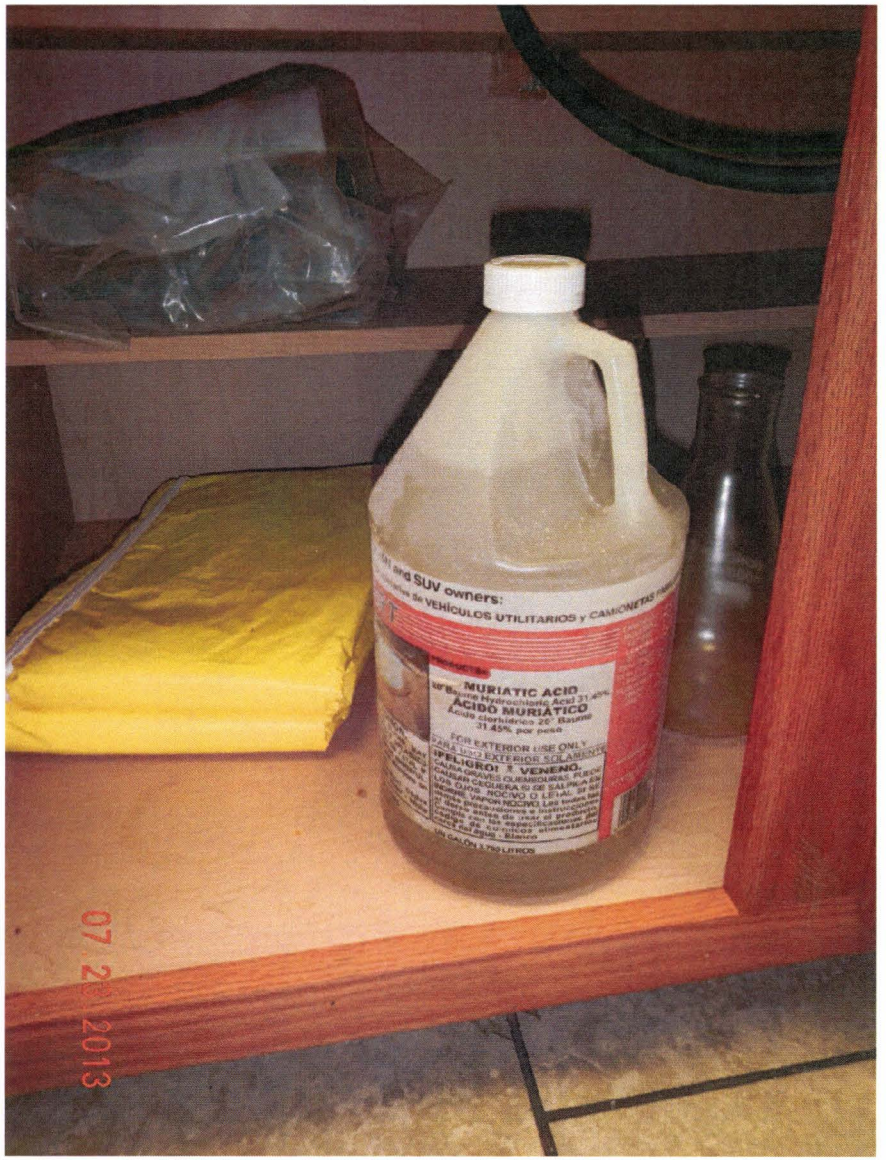
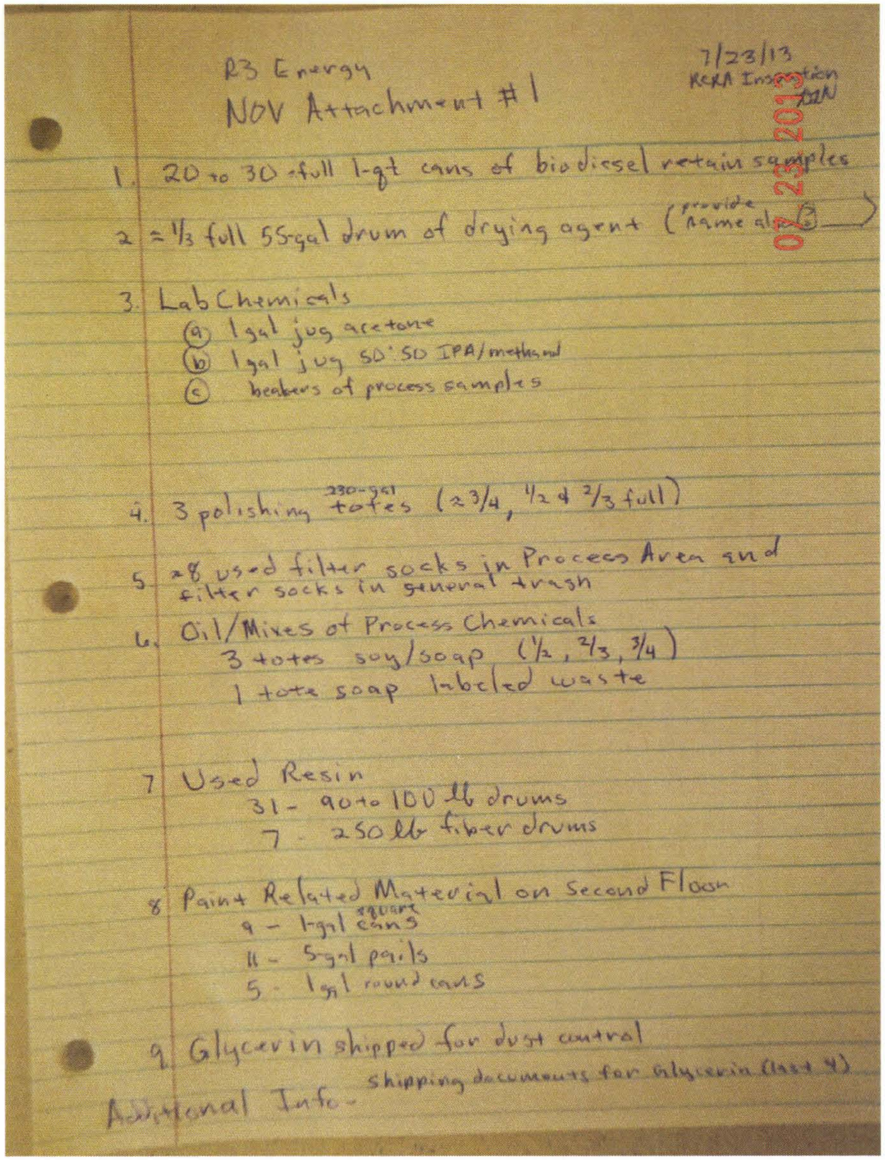


PHOTO 32, 7/23/2013 – Lab in Cabinet - Report Section 4.5.1 Inventory Item #3d (lab chemical). See attachment 6C for photo location. D. Newsome

R3 Energy, Cotton Falls, KS

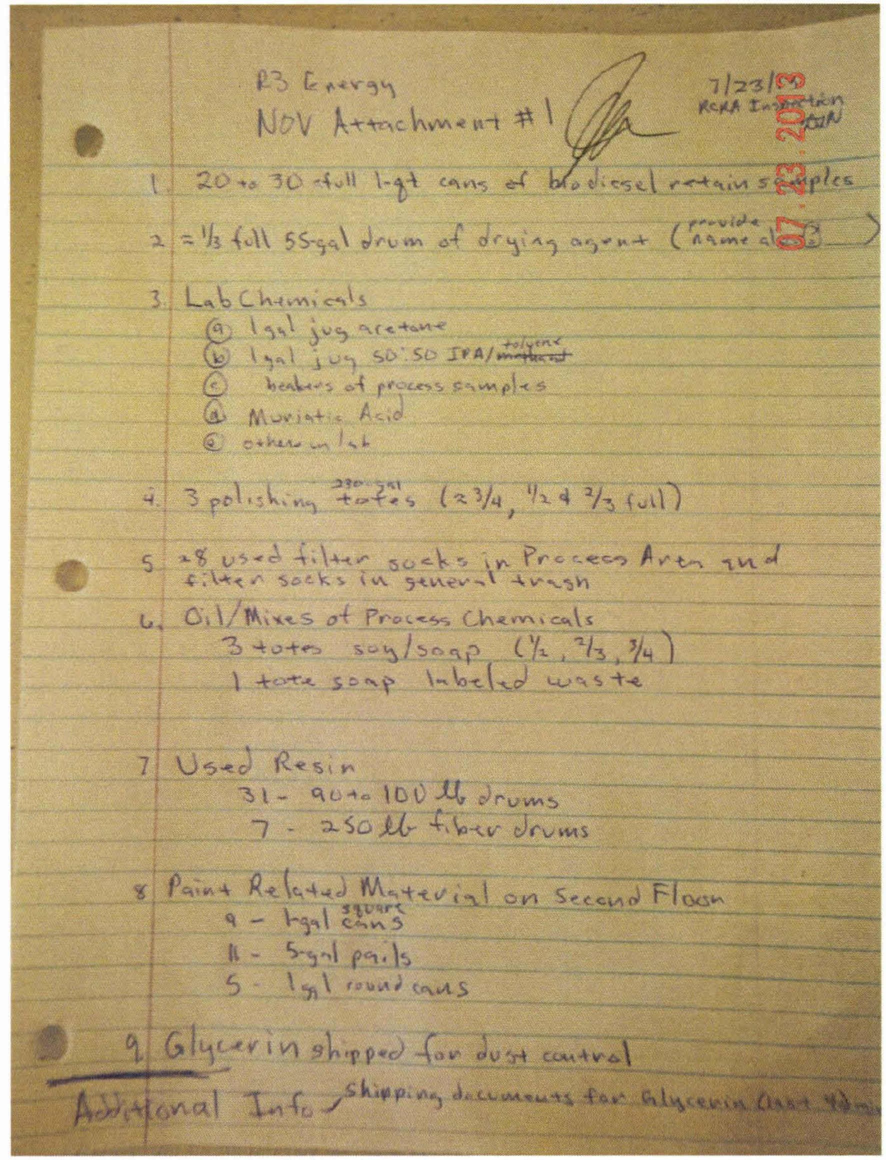


R3 Energy
NOV Attachment #1
7/23/13
RCRA Inspection
DJN
07 23 2013

1. 20 to 30 full 1-qt cans of biodiesel retain samples
2. ≈ 1/3 full 55-gal drum of drying agent (provide name also)
3. Lab Chemicals
   (a) 1 gal jug acetone
   (b) 1 gal jug 50:50 IPA/methanol
   (c) beakers of process samples
4. 3 polishing 330-gal totes (≈3/4, 1/2 & 2/3 full)
5. ≈8 used filter socks in Process Area and filter socks in general trash
6. Oil/Mixes of Process Chemicals
   3 totes soy/soap (1/2, 2/3, 3/4)
   1 tote soap labeled waste
7. Used Resin
   31 - 90 to 100 lb drums
   7 - 250 lb fiber drums
8. Paint Related Material on Second Floor
   9 - 1-gal square cans
   11 - 5-gal pails
   5 - 1 gal round cans
9. Glycerin shipped for dust control

Additional Info - shipping documents for Glycerin (last 4)

PHOTO 33, 7/23/2013 – Due to no working copier available on-site, this is a photo of the NOV Attachment #1 that I prepared prior to Mr. McCalla initialing it. D. Newsome



R3 Energy
NOV Attachment #1
7/23/13
RCRA Inspection
DJN
07 23 2013

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2. ≈ 1/3 full 55-gal drum of drying agent (provide name also)
3. Lab Chemicals
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   (b) 1 gal jug 50:50 IPA/~~methanol~~ toluene
   (c) beakers of process samples
   (d) Muriatic Acid
   (e) others in lab
4. 3 polishing 330-gal totes (≈3/4, 1/2 & 2/3 full)
5. ≈8 used filter socks in Process Area and filter socks in general trash
6. Oil/Mixes of Process Chemicals
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PHOTO 34, 7/23/2013 – Due to no working copier available on-site, this is a photo of the NOV Attachment #1 that I prepared after Mr. McCalla initialed it. D. Newsome